

ANNUAL REPORT 2024

NIBE

WORLD-CLASS SOLUTIONS IN SUSTAINABLE ENERGY

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COVER PHOTO *Folded copper plates before processing in the production of water heaters and accumulator tanks. Copper has been used for corrosion protection since the company's start in 1952. The other two types of corrosion protection are enamel and stainless steel.*

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• **AUDIT** The financial statements have been audited by NIBE Group's external auditor. Auditor's report, see pages 188–191. Auditor's statement on the statutory sustainability report, see page 186. Auditor's statement on the corporate governance report, see page 186.

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ANNUAL REPORT The Swedish version is the official version of the report, which has been audited by NIBE Industrier's auditors. This version is an adjusted version for layout purposes of the presented statutory annual accounts which are available in ESEF format.

2024

THE YEAR IN NUMBERS

Figures adjusted for items affecting comparability

SALES, SEK M

40,521

PROFIT AFTER NET
FINANCIAL ITEMS, SEK M

2,091

PROFIT
AFTER TAX, SEK M

1,614

EARNINGS
PER SHARE, SEK

0.80

PROPOSED
DIVIDEND, SEK

0.30

GROWTH, %

-13.1

OPERATING MARGIN, %

8.0

RETURN
ON EQUITY, %

5.4

EQUITY/ASSETS
RATIO, %

45.6



SALES IN NIBE GROUP

Financial key ratios		2024*	2023	2022	2021	2020**
Net sales	SEK m	40,521	46,649	40,071	30,832	27,146
Growth	%	-13.1	16.4	30.0	13.6	7.1
Operating margin	%	8.0	14.9	14.6	14.5	13.0
Profit after net financial items	SEK m	2,091	6,331	5,675	4,318	3,305
Profit after tax	SEK m	1,614	4,796	4,395	3,378	2,570
Equity/assets ratio	%	45.6	44.4	51.8	49.9	46.3
Earnings per share	SEK	0.80	2.37	2.16	1.65	1.25
Proposed dividend	SEK	0.30	0.65	0.65	0.50	0.39

Items affecting comparability

* Action plan costs: SEK 1,152 million, Positive effect of acquisition-related revaluations: SEK 597 million

** Positive effect of acquisition-related revaluations: SEK 353 million



CEO'S REPORT 2024

WITH A CHALLENGING YEAR NOW BEHIND US, WE ARE WELL PREPARED FOR FUTURE GROWTH

After 15 years of strong growth that had lasted ever since the 2008 financial crisis centered around Lehman Brothers, 2024 was the year when we experienced a sharp downturn in demand in virtually all sectors in which our three business areas operate.

The rapid increases in interest rates in 2023, in particular, prompted by an attempt to stave off galloping inflation, together with political indecision regarding the transition to a society not reliant on fossil fuels, quickly translated into reluctance to invest in new production of residential property and adversely affected general attitudes to consumption and investment. This, in turn, had a dramatic effect on all parts of our supply chains, manifesting in excess inventory among sub-suppliers, manufacturers, distributors and installation companies.

In the first quarter of the year, we took the decision that an action plan was necessary to manage the negative effects of the expected sharp downturn. The final annual savings amounted to around SEK 800 million, at a non-recurring cost of SEK 1,152 million. In 2024, approximately three-quarters of the total annual savings were realized, based on a rolling 12-month period.

The action plan was implemented in a consistent and purposeful manner, but nonetheless as humanely and respectfully as possible. Among other things, employees who were forced to leave the company were offered redundancy terms that were more generous than the current practice. Alongside the cost-cutting measures, we have spent a lot of time and resources on further improving the efficiency of our organization and on improving collaboration, both

between departments and between companies in the Group. This has already led to new methods of working and a more alert organization that sees and takes advantage of more of the opportunities and synergies made possible by the size of NIBE Group.

The business areas' investments in product development, sales and marketing were, as a rule, exempted from cost-cutting. This enabled us to launch several new products during the year. Yet more products are about to be launched in the first part of 2025. The aim is that our customers should never have to suffer because the industry sectors in which we operate encounter what is, as we see it, a temporary setback. Our customers should always be able to trust that the quality and performance of products they buy from us are top-of-the-range, regardless of when they were purchased.

During the year, the Group invested a total of SEK 2,328 million. Of the investment program of SEK 10 billion decided in 2020, the bulk has now been completed. The remaining investments in buildings will be completed in 2025. The remaining investments in expanding capacity will gradually be implemented as needed to meet an increase in demand.

Two major investments in the year were the completion of the new production facility for exhaust air heat pumps and the new customer and training facility *NIBE World of Energy* in Markaryd, Sweden.

The Group's net sales for the full year totaled SEK 40,521 million, down by 13.1%. Organic sales fell by 16.4%, while acquired sales contributed growth of 3.3%.

Over the last year, we have experienced a sharp decline in demand in the sectors in which our three business areas operate. It has been a challenging year in many ways, with the need for radical decisions on measures which have been successfully implemented. With signs of improvement in a still cautious market, we are optimistic about the future and are confident of a return to gradual growth in a healthy if still somewhat volatile market.

Adjusted operating profit for the full year totaled SEK 3,226 million, corresponding to an operating margin of 8.0%. Adjusted profit after net financial items amounted to SEK 2,091 million.

NIBE CLIMATE SOLUTIONS

NIBE Climate Solutions, was able to carry out planned product launches and investments in development and production in 2024. This was an impressive achievement in view of the sharp downturn in the heat pump market in Europe and the simultaneous implementation of the action plan.

In the heat pump segment, several new models using the natural refrigerant R290 (propane) were introduced, as were new control functions using Artificial Intelligence (AI). On the commercial property market, a completely new range of ventilation units was introduced under the trademark *NIBE Flow*.

We firmly believe that the European heat pump market will gradually start to grow again, albeit at a slower pace than in the period 2020 to 2023. The North American heat pump market showed much more stable development in 2024, which to some extent helped offset the downturn in Europe.

The business area's sales declined by 17.0% to SEK 26,037 million and adjusted operating profit amounted to SEK 2,425 million. This corresponds to an operating margin of 9.3%.

NIBE ELEMENT

The business area NIBE Element also experienced a fall in sales, but not to the same extent as NIBE Climate Solutions. The market segment for heat pump components recorded a steep fall, for obvious reasons, but the market segments for e.g. semiconductors, heating and ventilation reported better development. The business area's large international presence, and the breadth of products and activities, also helped compensate for the downturn in the heat pump segment.

In this business area, too, the action plan has been fully implemented in a consistent manner. Here too, investments in product development, sales and marketing were, as a rule, exempted from cost-cutting.

The business area's sales declined by 6.8% to SEK 11,092 million and adjusted operating profit amounted to SEK 629 million, corresponding to an operating margin of 5.7%.

NIBE STOVES

Our operations in the business area NIBE Stoves saw a slowdown in the market not unlike that seen by NIBE Climate Solutions. The European stoves market experienced a sharp fall while North America reported more stable performance.

The main new product in 2024 was the wood-fired stove Contura

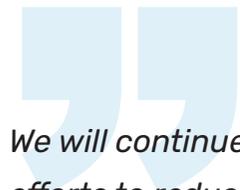
Zero, which in principle reduces particulates emissions to zero. The largest investment was a new production facility for Contura in Markaryd. All production will gradually be moved to this facility, a move that will coincide with all operations around the Contura trademark now being managed centrally in our own subsidiary Contura AB. This gives the trademark more powers and flexibility for further expansion.

Like our two other business areas, the action plan has also been fully implemented in this business area in a consistent manner without compromising investments in product development, sales and marketing.

The business area's sales declined by 18.8% to SEK 3,864 million and adjusted operating profit amounted to SEK 203 million, corresponding to an operating margin of 5.3%.

OUR GOALS ARE UNCHANGED

We remain steadfast in our ambition to realize both our financial and sustainability-related goals that we have clearly communicated. One of our goals is to continue to achieve growth of 20% per year, through a combination of organic and acquired growth. In purely mathematical terms, this equates to a doubling of sales every four years. Our average performance over the last 30+ years underscores the realistic nature of this goal. It is against this background that our target of sales of SEK 80 billion by 2029 should be viewed.



We will continue our determined efforts to reduce our own carbon dioxide emissions and minimize our environmental impact.

OUTLOOK FOR 2025

- Our corporate philosophy and our strong range of products, with their focus on sustainability and energy efficiency, are in tune with the times in which we are living.
- We are well prepared to continue to be proactive on acquisitions.
- Our internal efforts to enhance efficiency, combined with our rigorous cost control measures, will ensure consistently healthy margins.
- All three business areas have a good geographical spread, which makes us less vulnerable to local downturns in demand.
- Our decentralized organization, based on independent units, is well proven and creates the conditions for greater motivation and flexibility.
- The more acceptable inventory levels in the distribution chains will promote demand at the manufacturing level, while interest rates, which have already fallen and, it is hoped, will fall further, will act as a stimulus for general consumption and, therefore, for economic activity.
- However, the effects of the current security situation around the world, the difficult-to-assess political developments in Europe, North America and Asia, and energy price volatility are difficult to predict.
- However, as is our habit, and based on experience, we remain optimistic about our long-term performance, even though, in view of the above, it is difficult to assess the situation.



RETURN TO STRONG MARGINS

Our good margins have always provided us with scope and resources for acquisitions and development. The expected gradual increase in market activity, combined with the measures and adjustments that have been implemented, serves to underline that our ambition to return to an operating margin level within each business area's historical range during 2025 is realistic.

OUR SUSTAINABILITY WORK

We will never compromise on our sustainability work. Our technologies and products are powerful components in the transition of all communities to reduced dependence on fossil fuels. We will continue our development of long-term corporate responsibility. We will continue our work to urgently reduce our own carbon dioxide emissions to minimize environmental impact. But, in accordance with stringent EU regulations, we are switching up a gear in our reporting and will move to full reporting in accordance with the CSRD during 2025. This is a massive project that will hopefully be appreciated to a similarly large extent by shareholders, customers and all other stakeholders.

THANK YOU

I would like to finish by thanking all our employees for your commitment during a challenging year. I would like to take this opportunity to promise all of you, that is, all of the consumers who have already chosen to buy and those who are about to buy products from our Group, and all the industrial partners we collaborate with, ambassadors, suppliers, installers and shareholders who continue to put their trust in us, that we will continue our work to develop NIBE as a company that always sets a good example and that is always able to deliver the very best products in all the industry sectors in which we operate.

I look forward to a very exciting 2025!

Markaryd, Sweden, March 2025

Gerteric Lindquist,
Managing Director and CEO



STRATEGY AND MANAGEMENT PHILOSOPHY

STRATEGIC FOCUS AREAS THAT COMBINE GOOD PROFITABILITY AND RESPONSIBLE VALUE CREATION

Our goals are sharply focused on financially profitable growth and responsible value creation. Our strategies for achieving the goals are well proven and based on our Business principles, focusing on four strategic areas: Growth and Expansion, Product development and Innovation, Responsibility and Sustainability.

GROWTH AND EXPANSION

Durable and profitable growth

Our total growth target of an average of 20% a year should be achieved half through organic growth and half through strategic acquisitions. Healthy growth creates prospects for good profitability.

Our long-term vision is that our sustainable, world-class energy solutions will contribute to a faster transition to a resource-efficient and fossil-free society.

Efficient production

High productivity is a prerequisite for good competitiveness. Our productivity philosophy is grounded in the belief that everything can always be improved and that, if you can't measure it, you can't improve it.

Purchasing synergies

Coordinated purchasing, both in each business area and between the business areas, provides noticeable advantages such as efficient use of resources and reduced costs. Collaboration with newly acquired companies starts immediately on completion of acquisition to quickly reduce both direct and indirect costs.

PRODUCT DEVELOPMENT AND INNOVATION

Active, aggressive and successful product development is a prerequisite for our growth and expansion in all three business areas.

We conduct product development in all our subsidiaries but the majority of this is focused on a number of development centers linked to our largest companies and corporate groups within the Group. In 2024 we invested SEK 1.4 (1.3) billion, corresponding to 3.5% of sales, in product development. Product development is also carried out as collaboration between the business areas, with different skills and industrial backgrounds complementing each other.

Innovative products from the start

The development of innovative products has been fundamental right from the start.

The manufacture of NIBE's water heaters began in 1952, the same year a law entered into force requiring milk producers to have hot water in their milking parlors. With innovative product development based on this platform, our very first heat pump was introduced in 1981. This was then further developed into the business area NIBE Climate Solutions.

The manufacture of the tubular element, which was a new, easily applicable heating component for households and industry, began back in 1949 and laid the foundation for today's business area NIBE Element.

In 1965 NIBE won a contract to manufacture stoves under the trademark Handöl. We later acquired the entire Handöl business. This was the start of establishing the business area NIBE Stoves.

Products and new development

In 2024 the global trend of a faster and faster rise in demand for energy continued¹. This means that global energy efficiency initiatives must increase and the transition towards renewable energy production must accelerate. NIBE Group's products are well placed to support this development. Energy efficiency, ecodesign and life cycle perspective are key aspects of our new product development.

RESPONSIBILITY

Sound business ethics

Sound business ethics form our fundamental responsibility throughout our value chain. Our business relationships and business methods are based on us complying with legislation and ethical guidelines. We comply with international market regulations and sanctions decisions. Individual markets may have local laws, rules and customer requirements that must be adhered to. We are transparent in our communication and reporting.

¹ IEA, Global Energy Review 2025



Business conduct and risk assessment

Our business principles and values are based on the conviction that great freedom coupled with responsibility creates good profitability and longevity. Business conduct and corporate social responsibility are fundamental to our ability to live up to our management philosophy and be a stable corporation.

Our governance model for each individual subsidiary in each business area is closely linked to our business model, which is based on local boards of directors and strong management in the individual companies.

Every year, a risk assessment is carried out in our evaluation of business risks in accordance with our NIBE Internal Control Standard (NICS).

International guidelines and initiatives

We follow and work according to several internationally recognized standards, guidelines and principles. Our guidelines and policies are based on international conventions and initiatives such as the UN Global Compact, ISO 26000 (international guidelines for handling social responsibility issues) and the Swedish Anti-Corruption Institute and its Code for business. We submit an annual report on our progress to the UN Global Compact in accordance with the principles we have signed and committed to work with in our value chain.

Governance and monitoring

Long-term profitable growth and responsible value creation require professional, structured management and effective monitoring. Our

management approach is based on decentralization in our three business areas with clear responsibility for profits in well-defined profit centers.

Management by objectives is important. Clear goals linked to both finances and sustainability create a firm framework for business development and accountability in each profit center. Our management strategy is based on a combination of values, business ethics and respect for common standards.

SUSTAINABILITY

Climate impact

In our innovative product development, we focus on reducing products' climate impact throughout their life cycles. Our LCE²-classified products support the transition to a smaller carbon footprint and help customers improve energy efficiency and convert to renewable energy.

We have a long-term goal of reducing our direct and indirect carbon dioxide emissions³ by 65% by 2030 (compared with the base year 2019) and have an ambition to be carbon neutral by 2050.

²*FTSE LCE ICS™ (Financial Times Stock Exchange Low Carbon Economy Industrial Classification System) is a quantitative model designed to permit investors to assess a company's ability to adapt its business to the requirements related to reduced climate impact. Product groups included in LCE are heat pumps, ventilation, building cooling, district heating, boilers and stoves for burning pellets and wood, PV panels, heat exchangers, components for rail, electric and hybrid vehicles and renewable energy production.

³ Scope 1 and 2

Our climate-related work is based around energy efficiency, reducing energy consumption and carbon dioxide emissions and being sparing in the use of our shared resources. In addition to our goals in respect of continuous reduction in energy consumption and reduction of carbon dioxide emissions, we are actively working on eliminating fossil fuel in the heating of production plants where we own the buildings. In operations where we lease the buildings, we are engaged in discussions with the respective property owners regarding installation of fossil-free alternatives.

Quality and environmental certification

With a requirement for quality and environmental certification in all companies, we guarantee continuous activities to achieve good quality and reduced environmental impact while we eliminate risks in the working environment.

Sustainable workplaces

Our employees should thrive, develop and take pride in their work and their place of work. If you want to thrive in our company, initiative, humility and common sense make a winning combination. Our ambition is to ensure that we as a company and workplace are an attractive employer offering numerous opportunities for development.

We work systematically to improve the working environment at all our plants to create safe workplaces and reduce ill-health, regardless of employment status.

GROWTH AND EXPANSION

Our total growth target of an average of 20% a year should be achieved half through organic growth and half through strategic acquisitions. Healthy and sustainable growth creates prospects for good profitability. The globalization of our business gives us the chance to be represented in the right location with the right provider. With our decentralized organization, we can scale our businesses and develop locally in the best possible way while still leveraging the benefits of belonging to a financially strong international Group.

ORGANIC GROWTH

Proactive product development

Large investments in product development and innovation in all three business areas ensure that the Group's subsidiaries always have product portfolios that are aligned with market conditions and expectations in terms of both advanced technology and performance. The Group's trademarks have a strong position in their local markets and thanks to being anchored in and physically present in the local communities, they are able to quickly pick up on and respond to local demand and need for adjustments.

The level of connectivity of both the products and services we offer is increasing all the time. Digital product development is therefore becoming more and more important. NIBE Group is developing shared platforms for digital solutions that will make it easier for the Group's subsidiaries to stay at the forefront of development.

Our entire value chain, from vision to end customer, should be based on the principles for responsible value creation contained in our business principles and our values.

Assured quality

High quality in everything we do is the fundamental factor behind long-term success and sustained growth. To ensure that all our production companies actively implement quality control, all acquired companies must achieve ISO 9001 certification within two full years of being acquired.

Efficient production

High productivity is a prerequisite for good competitiveness. Our productivity philosophy is grounded in the belief that everything

can always be improved and that, if you can't measure it, you can't improve it.

Time measurement of processes and tasks provides a sound basis for accurate costings and calculations, efficient production planning, reliable investment data and opportunities to follow up business activities correctly. Performance-based salary systems based on accurate MTM data help encourage optimization of working time and promote high productivity and fair salaries.

Purchasing and acquisition synergies

Coordinated purchasing, both in each business area and between the business areas, provides noticeable advantages such as efficient use of resources and reduced costs. Collaboration with a newly acquired company starts immediately on completion of acquisition to quickly reduce both direct and indirect costs.

The work on finding synergies both between subsidiaries and within the business areas was intensified further as part of the action plan implemented in 2024.

We invest in attractive market segments and thereby ensure an optimal market presence internationally. An efficient, competitive organizational structure also helps us to develop different offerings that allow for simplification and thereby increase customer value.

The large number of completed acquisitions has among other things added new technologies, new products, new markets, new expertise and new production capacity. Continuous investments in existing operations in terms of product development, new technology and skilled employees are also crucial for a continued market-oriented, long-term expansion.



CORPORATE CITIZENSHIP

One of the criteria in our Management philosophy, Our Values, is active corporate citizenship. We must be good citizens in the local communities in which we operate, through local initiatives that contribute to positive development in the region. In Markaryd, we took the initiative to create the Science Center to encourage interest in Science and Technology.

In 2024, the Science Center also hosted the exhibition THE WORLD AND YOU, which offered an insight into the world of Nobel Prize winners, covering everything from the cosmos to particulates.

ACQUIRED GROWTH

We prioritize the acquisition of companies with strong brands and products that complement our existing range and strengthen our presence in both new and existing markets.

Companies acquired during the year

Opportunities in the acquisitions market in 2024 were limited and we carried out just seven minor acquisitions that complemented our existing operations. Six of the acquisitions took place within the business area NIBE Element and the seventh in the business area NIBE Stoves.

Decisive assessment criteria for acquisitions

The prerequisites for a potential acquisition are that it must add new technology, enable us to establish a presence in new geographical markets and/or increase our share in existing markets.

We apply a clear acquisition model where the basic requirements are that a company must have:

- a strong position in terms of the market and technology
- competent management
- a real entrepreneurial spirit
- development potential within the framework of NIBE Group's strategies
- a good financial position, or alternatively be in a strong position to improve profitability within a reasonable period of time if this is not satisfactory at the time of acquisition

Continued autonomy

By actively encouraging continued curiosity, creativity and commitment, we motivate acquired companies to remain entrepreneurial. This is essential to their future potential. Permitting acquired companies to retain their identity and brands creates continuity on local markets. The objectives and management philosophy of NIBE Group are implemented but in all other respects the acquired companies retain a high level of autonomy. The affiliation with NIBE

Group is about leveraging the benefits of belonging to a much larger and financially stronger cluster of companies.

Through our decentralized leadership, we can maintain simple organizational structures with an independent operational leadership with a clear local character.

Retained local presence for healthy companies

Our business model is based on acquired companies continuing to operate as far as possible in the location where they were based at the time of acquisition. This way, companies remain part of the local community, providing jobs and engaging in the community. Regardless of whether they are large or small operations, the management team is usually also local. We are convinced that this strengthens the company and fosters loyalty as well as good productivity.

In many communities where we are a major player, local development is positively affected by our presence and our need for sub-suppliers and services. As employers, taxpayers and customers to many local entrepreneurs, we have a major positive impact on local economies and investments in infrastructure. Companies can also continue to operate as energizing and responsible players in their respective places of establishment and regions.

An intensive era of acquisitions since 1997

Strong profit generation combined with the stock market listing in 1997, and the opportunities for access to fresh capital this provided, created the conditions for an intensive era of acquisitions and development into an international Group.

The acquisitions today make us:

- a leading European heat pump supplier that also has a market-leading position in North America in heat pumps, both for single-family homes and commercial properties.
- a global, leading industrial partner that supplies producers and users with components and solutions for intelligent heating and control, and with a strong local presence in a great number of countries around the world.
- a European market leader in stoves, with a leading platform and platform in North America, too.

ACQUISITION MODEL

ANALYSIS

The analysis phase is precise but fast. Our three business areas are well defined and with our history we have good insight into the acquisition objects that are available and access to relevant key ratios for conducting comparisons and analyses. Our financial, as well as legal, due diligence is rigorous. We carry out environmental investigations and prioritize a review of the IT security of the potential acquisition target.

IMPLEMENTATION

In the implementation phase, there is always complete transparency about our objectives concerning the acquisition. We are always very clear and open about the information we provide on our management philosophy and strategy, which facilitates the process.

INTEGRATION

In the integration phase, we aim to retain not only brands, but also skilled employees at every level. As soon as the acquisition has been completed, we begin to collaborate with the local management to be able to realize obvious synergies such as purchasing and knowledge transfer within many areas.

PRODUCT DEVELOPMENT AND INNOVATION

At NIBE Group, we are ambitious and persistent in our product development and innovation in all three business areas. Our motto is to always be world-class in our product areas and to always be driving, rather than following, development in our technology areas.

We carry out product development in all our subsidiaries but most of our product development is concentrated in a number of development centers connected to our largest companies and groups of companies in the Group. In 2024, NIBE Group invested a total of SEK 1.4 (1.3) billion, corresponding to 3.5% of sales, in product development.

Basis for profitable growth

Active and successful product development is a prerequisite for our growth and expansion in all three business areas.

Commercialization

The strength of our brands is substantiated by products that are characterized by quality, innovation and which support sustainable development and are sold at competitive prices. Thanks to carefully considered marketing, we are perfectly placed to both increase our market share in existing geographical markets and expand into new markets.

Efficient and intelligent products result in reduced environmental impact

With a high rate of product development, continuously based on research and new technology and the use of new, more suitable substances and materials, we can offer products and solutions that appeal to the market while helping to reduce environmental impact.

By modifying existing products, and through our development of completely new products, we carry out preventive environmental risk assessments. The precautionary principle is part of our system-

atic approach to work and we apply this throughout the entire life cycle of the product. We are also working to reduce the amount of hazardous waste and for more recycling throughout the process.

Our LCE-classified products support the transition to a smaller carbon footprint and help customers improve energy efficiency and convert to renewable energy.

Our modern climate control solutions are becoming increasingly intelligent, and demand for remote control of the products and their functions via digital platforms is constantly growing. We use Artificial Intelligence (AI) tools to constantly evaluate various solutions that enable the products to respond to their surroundings and events without direct human interaction.

Cross-border collaboration, synergies between companies

There are many interactions between our subsidiaries. While there is overall clear autonomy with regard to marketing and sales, there is close collaboration around the development of new products and processes. The companies share knowledge and experience in a methodical way.

An example of this is the development of shared digital platforms for control of heat pumps that can be used in several of our companies to lower the hurdle of starting to use new technology. Another example is the development of the Contura Zero stove, which reduces emissions from wood burning to near zero. This is the result of close collaboration between the business areas NIBE Element and NIBE Stoves to come up with efficient technology for eliminating soot particles by capturing them and burning them in the chimney.

Modern, timeless design

Several of the products in the business areas NIBE Climate Solutions and NIBE Stoves provide a visual focal point in the home or just outside the building. In some cases the product should take center stage, in others it should fade into the background.

Products have long useful lives and will be an integral part of the home environment for decades. In these cases, we always prioritize development of the appearance of the product, to enable it to naturally blend into the background.

ACOUSTIC TEST CHAMBER FOR NOISE

Acoustic testing requires a specialized space. Testing must be carried out in a place where the sound can be isolated and unwanted noises are kept outside, an acoustic test chamber. The inner chambers are designed to keep sound and sound reflections to a minimum, ensuring accurate measurement of acoustic intensity. There are also functions for sound analysis to discover any product defects.

NIBE AB's new Innovation Center has an acoustic testing chamber, one of four. Here, sophisticated testing is carried out before new products are launched on the market.



RESPONSIBILITY

Since our beginnings more than 70 years ago, we have created an international Group and a presence in large parts of the world, as well as a solid platform for further, profitable expansion. Clear shared values and long-term, stable ownership are the foundation for the Group's healthy continuity and stability.

Sound business ethics

Our shared values and a clear code of conduct must guide our decisions and day-to-day operations. They cover all employees worldwide. During the induction process, all new employees receive training in our code of conduct and associated policies. We must treat each other with respect and leaders and managers must set a good example in terms of honesty and straightforward communication. Through our decentralized leadership, we can maintain simple organizational structures with an independent operational leadership with a local character.

Responsibility in business and related risks

Our business principles and values¹ are based on the conviction that great freedom coupled with responsibility creates good profitability and longevity. Business conduct and corporate social responsibility are fundamental to our ability to live up to our management philosophy and create the necessary conditions for a stable corporation.

Risk assessment and evaluation of both new and existing suppliers and their performance is carried out on a continuous basis. This provides support and security around our choice of supplier and ensures continued strong cooperation. If we identify unacceptable risks or a lack of desire to make improvements, we will terminate the collaboration.

International guidelines and initiatives

We follow and work according to several internationally

¹ Find out more on page 20.

recognized standards, guidelines and principles. Our guidelines and policies are based on international conventions and initiatives such as the Global Compact, ISO 26000 (international guidelines for matters relating to social responsibility) and the Swedish Anti-Corruption Institute and its business code (IMM).

We submit an annual report on our progress to the UN Global Compact in accordance with the principles we have signed and committed to work with in our value chain. Our report is published on the Group's website.

Respect for human rights

Our employees, with their unique experience, knowledge and talents, add great value to our operations. We conduct an international business with significant cultural and social differences, and so it is important for us to have a framework for both diversity and equal treatment. Everyone should have the same development, training and career opportunities. No one should be subject to discrimination.

We operate in countries where human rights that seem obvious to us may be restricted. In our own companies, respect for human rights is unequivocal. Our employees have the right to freedom of association and negotiation via a trade union, but also the right to refuse to join an association.

In cases where our companies have dormitories for employees adjacent to the workplace, we work continuously on improvements to ensure that the accommodation meets local standards.





CORPORATE CITIZENSHIP

NIBE Group has for many years collaborated with the NOBEL PRIZE MUSEUM and the NATIONAL MUSEUM OF SCIENCE AND TECHNOLOGY in Stockholm. The collaboration, which is concentrated in the Science Center in the center of Markaryd, has resulted in a permanent exhibition on various forms of energy and an annual, more broad-based, exhibition about science arranged by the NOBEL PRIZE MUSEUM.

The Science Center also has a chemistry lab that children and young people from local schools can visit and carry out laboratory testing and experiments as part of different scientific activities.

Local partnerships for the future

For us it is important to take local social responsibility in the places where we have operations, for example, with regard to jobs and skill retention. This makes us a natural part of the development of the local community while we also take long-term responsibility.

Our values and business principles entail zero tolerance for all forms of corruption and apply to all parts of our business. Our zero tolerance for corruption is clearly communicated to our business partners.

In addition to mandatory anti-corruption training that all employees who may be exposed to corruption must undertake on a continuous basis, all our employees are urged to be observant, ask for advice if unsure and to report incidents if they have been exposed to any form of bribery or other unethical influence. The Group has developed a whistleblowing process and an associated policy that has been translated into all local languages where we have operations. We carry out annual updated evaluations of the risks of corruption.

Governance and monitoring

Long-term profitable growth and responsible value creation require professional, structured management and effective monitoring. Our management approach is based on decentralization in our three business areas with clear responsibility for profits in well-defined profit centers.

Management by objectives is important. Clear goals linked to both finances and sustainability create a firm framework for business development and accountability in each profit center. Our management strategy is based on a combination of values, business ethics and respect for common standards. All companies must ensure compliance with legal requirements and agreements that have been concluded.

Monitoring takes place efficiently at all levels of the organization via the Group's shared reporting and consolidation systems. Deviations from assumptions made can then be quickly followed up and dealt with. We regularly conduct on-site visits at our operations to follow up that our operations meet the requirements in respect of business conduct.

SUSTAINABILITY – A LIFE-LONG, GENUINE COMMITMENT

As a company we strive to be as resource-efficient and environmentally aware as possible with regard to our products, but also in our operations and in the value chain. Long-term business conduct and innovation are fundamental concepts that run like a red thread through our business as we seek to develop society and gain its trust and legitimacy. By continuously improving these concepts and further building on our company culture, we include these aspects in our daily work.

Honesty and transparency

In a world where it is becoming increasingly difficult to know what is real and what is artificial, stakeholders are looking for transparency, authenticity and honesty. To an ever greater extent, this is reflected in requirements for sustainability information of various kinds and of ever greater complexity.

At the same time as technological development is improving the opportunities for transparency, we are also seeing a growing demand for sustainability information to be produced more quickly and be more easily accessible to various stakeholders.

We are also seeing a shift in the requirements from fundamental information to insight into value chains and the business, covering everything from suppliers and manufacturing processes to life cycles and use, and also strategic initiatives in areas such as social sustainability both internally and externally. Overall, this requires the collection of more detailed information throughout the value chain, and, moreover, this must be carried out on a recurring basis to create a sense of security and place a premium on ownership of the company and products.

It is important to be careful and report facts while also retaining internal unique information involving competitive advantages. However, we are committed to being genuine, taking responsibility and offering good insight to avoid the risk of “greenwashing”.

Phasing out of fossil CO2 emissions

In our own operations, we are constantly working on strategies that will enable us to become fossil-free. Currently, we have a good idea of our own direct and indirect carbon dioxide emissions (Scope 1 and 2). In 2024, we continued our steadfast work on converting our factories and operations to become fossil-free. The next step is to continue to improve the collection of data, particularly under Scope 3, and to continue working on creating activities that will also reduce these indirect emissions.

Towards a circular economy

The transition from a linear to a circular economy does bring challenges, where new business models need to be evaluated and incorporated into existing models to be able to implement the change while maintaining or improving the business. We are aware

that the entire value chain needs to be involved to meet future demand and new regulatory requirements in the EU. This is why we are continuously developing new collaborations with e.g. university colleges and various suppliers. We are also continuously working on improvements in our focus areas, paying particular attention to product content, risk analyses, evaluations, energy efficiency and stakeholder consultations. We are also collaborating with suppliers on projects involving reuse of components.

Ecodesign and life cycle perspective

We are seeing an increase in environmental requirements for our products. One of the requirements is the Ecodesign Directive, which is being continuously updated with stricter requirements for resource efficiency.

We assess our products from a life cycle perspective. This contributes to optimal use of resources and drives circular flows and waste generation throughout the useful life of the product. Conducting life cycle assessments of our most sold products forms a key part of our sustainability efforts.

Increased product liability

The detailed requirements for product liability are continuing to grow with regard to product safety, environmental impact, inputs and packaging, which is also a natural part of the development process. Our products comply with agreed norms, standards and legal requirements. Each product manufactured within the Group meets the requirements for product and service information in each country of sale.

Quality and environmental certification

We work with certified quality and environmental management systems for all our production units with more than 25 employees. In acquired companies the target is for these systems to be implemented within two full years of completion of the acquisition. To create the same structured, systematic approach to improving the working environment and reducing the risk of accidents, certification is being expanded to also include the working environment in some parts of our operations.

2024

In the financial year, we began the process of aligning our reporting to meet the requirements of the Corporate Sustainability Reporting Directive (CSRD). As a result of this extensive and comprehensive reporting, we have decided to cease reporting according to GRI and to not include SDG in the annual report.

Just as in previous years, the sustainability trend is continuing to place more demands on our products and our activities. For us as a company, reporting has become more comprehensive in connection with various directives within the EU Green Deal. This includes directives, regulations and laws such as the EU Taxonomy and the Corporate Sustainability Reporting Directive (CSRD), the future updated Ecodesign Directive and the Corporate Sustainability Due Diligence Directive (CSDDD).

At NIBE, we are continuing to sharpen our skills in respect of environment and climate, social responsibility and ethical issues. Not only because the requirements concerning these areas are becoming increasingly rigorous, but because we want to have the right tools and conditions to steer the industry towards taking greater responsibility and to fulfil our own commitments. Environment and climate and social aspects are also an integral part of due diligence in acquisitions.

We are continuing to develop a systematic approach to life cycle assessments (LCA) and environmental product declarations (EPD), and we also expect significantly stricter requirements in certain areas in future in respect of substances in products and components.

Our own five sustainability targets continue to serve as key guidelines for how to run our business. We are continuing to focus on these, with particular emphasis on our carbon dioxide and energy goals, where we have set targets for 2030 to reduce energy consumption and carbon dioxide emissions in our operations.



EMPLOYEES

Good working conditions

We work systematically to improve the working environment at all our facilities to create safe workplaces and reduce ill-health, regardless of employment status. A key part of our strategy for achieving this goal is that our facilities should have management systems for health and safety and, in some cases, also systems certified by a third party. We regularly monitor whether working conditions in our operations meet our standards by carrying out site visits in person.

Our companies have the same rules and values regarding wages. We adhere to the laws of each individual country in respect of wage. Naturally, we are respectful of applicable minimum wages.

The majority of our employees are permanent employees.

Our employees must also avoid conflicts of interest between private financial matters and the company's business activities. We do not provide financial support to political organizations or to individuals. If situations arise where there is a risk of anti-competitive behavior, we use external resources to manage and resolve the situation.

Employee pride

Our employees should thrive, develop and take pride in their work and their place of work. If you want to thrive in our company, initiative, humility and common sense make a winning combination. It is our ambition to ensure that we as a company are perceived as an attractive employer offering numerous opportunities for development in an environment promoting gender equality and equal opportunities for all.

Because of our constantly growing need for skilled employees we both develop our existing employees and recruit for the future. Our internal training efforts and the educational collaboration we have with external partners are important factors in terms of our ability to ensure long-term human resource management.

We work with several schools and seats of learning to ensure good human resource management in our businesses in the long

term. Young people of all ages are invited to visit our companies to obtain information and learn about the opportunities available to them as employees and to encourage them to study. We form networks and bilateral partnerships with a number of universities and institutes of higher education, offering opportunities for joint development projects, degree projects and internships.

Employee dedication

Motivated, committed employees and management are essential to continued success. Leadership is very important for driving forward our corporate culture, which is based on diligence and job satisfaction.

Internal recruitment is a key part of personal development and also for building top-level expertise and knowledge about the company among leaders at various levels within the company. We make sure to continuously update our skills through training and personal development, but we also use external recruitment to obtain new expertise.

Committed, innovative leaders

The fact that both the founders and leaders have been committed and innovative has been a key cornerstone in NIBE's stable expansion and solid financial performance.

The Bernerup family, landowners from Scania, founded the two companies Backer Elektro Värme AB and NIBE-Verken AB and, from the initials in Nils Bernerup's first and last names the company name NIBE was born. The family ran the companies successfully for 40 years.

When the family decided to sell both companies in 1989, several employees and two external investors formed NIBE Industrier AB and acquired all operations. At the same time, Gerteric Lindquist was appointed Managing Director and CEO.

The NIBE logo is displayed in a bold, red, serif font within a white rectangular box. The background of the entire page is a landscape photograph of rolling green hills under a blue sky with light clouds.

NIBE

VISION

Our sustainable, world-class energy solutions contribute to a faster transition to a resource-efficient and fossil-free society.

BUSINESS CONCEPT

To provide the market with sustainable, high-quality, innovative and energy-efficient products and solutions within our three different business areas.

MISSION

To daily work wisely and with dedication in order to develop sustainable, world-class energy solutions.

BRAND PROMISE

World-class solutions in sustainable energy.



MANAGEMENT PHILOSOPHY

OUR BUSINESS PRINCIPLES

Our management philosophy is deeply rooted in eight basic ideas that constitute the foundation of all our operations and create the conditions for our continued success. Although our top priority is profitability, which is essential to our ability to operate, we will never compromise on our values to achieve it. Our attitude is that long-term profitability can only be based on respect for legislation, honesty, good relations and transparency. NIBE's Our Business Principles handbook is available in 20 languages.



OUR BUSINESS PRINCIPLES

PROFITABILITY

Good profitability is and always has been our tradition and is the most fundamental and important factor behind long-term success and sustained growth. It ensures freedom of action and independence, generates well-being and security for employees and makes us an attractive employer when we recruit new employees.

HIGH PRODUCTIVITY

High productivity is essential to competitiveness, and our productivity philosophy is based on the belief that everything can always be improved and that if you can't measure it, you can't improve it. Performance-based salary systems based on accurate methods time measurements (MTM) encourage the optimization of working time and promote high productivity and fair wages.

PROACTIVE PRODUCT DEVELOPMENT

Proactive product development with the objective of always having the best-performing range is a prerequisite for good organic growth and expansion into new markets. Our focus is on leading the way in intelligent, energy-efficient, environmentally adapted products that help reduce climate impact and promote sustainable development.

QUALITY IN EVERYTHING - FOCUS ON THE CUSTOMER

We must be a secure partner on whom customers can always rely. NIBE must have certified quality and environmental management systems in place in its production facilities. NIBE must be available to deal with its customers in a professional manner and to help them choose the right solutions that will help reduce their costs and their environmental impact.

MARKET-ORIENTED EXPANSION BUILT ON COMMON SENSE

Continuous growth is essential to our development. A combination of good organic growth and prudent acquisitions is the best way to maintain the vitality of the organization. Expansion into new markets must be carefully considered and consistently implemented.

FOCUS ON THREE CORE OPERATIONS

A clear focus on three business areas creates clarity both internally and externally. It also spreads risk and results in reasonable risk exposure. Another benefit is the constant increase in knowledge in each area, which gives us an analytical advantage that can be used for acquisitions.

DEDICATED EMPLOYEES

Dedication is created by clear, sincere leadership that sets a good example. Shared values, simple organizational forms and development opportunities for all create a culture characterized by initiative, humility and common sense in which everyone can thrive.

A LONG-TERM APPROACH

A long-term approach means that responsibility, resilience and continuity will always win in the long run. Changes are only implemented after careful consideration and testing. Our ambition to create long-term relationships, internally as well as with customers and suppliers, provides the platform for truly sustainable business activities.

FINANCIAL TARGETS

Growth

20%

Average year-on-year growth shall be 20%, half organic and half acquired.

Growth past five years (%)



Operating margin

10%

Operating profit for each business area and for the Group shall be at least 10% of sales over a full business cycle.

Operating margin past five years (%)



Return on equity

20%

Return on equity over a business cycle must be at least 20%.

Return on equity past five years (%)



Equity/assets ratio

30%

The equity/assets ratio must not fall below 30%.

Equity/assets ratio past five years (%)



MANAGEMENT PHILOSOPHY

OUR VALUES

Our values are an important part of our management philosophy and our corporate culture, and they emphasize that we want to act as a responsible company in relation to people both internally and externally, our external stakeholders and the environment. Our values are firmly rooted in our long and proud tradition of corporate responsibility. We work consistently to communicate our core values to all employees in the Group. NIBE's Our Values handbook is available in 20 languages.



OUR VALUES

RESPECT FOR HUMAN RIGHTS

Our most fundamental undertaking is to respect the people who are affected by our operations and their human rights.

GOOD WORKING CONDITIONS

The working environment in our operations must maintain a high standard and contribute to employee well-being and development. Our suppliers and other partners must also share this approach.

REDUCED ENVIRONMENTAL IMPACT

A holistic approach to environmental issues must play a key role in everything from product development activities, manufacturing and choice of materials to transportation, product functionality and end-of-life recycling.

SOUND BUSINESS ETHICS

We comply with applicable legislation and have zero tolerance for bribery and corruption. We also communicate honestly.

RESPONSIBLE PURCHASING

We collaborate only with suppliers who apply the same principles as we do ourselves in terms of code of conduct, quality requirements and business principles.

PRODUCT LIABILITY

Our basic principle is that NIBE will pay due regard to all factors that have a bearing on the quality, safety and environmental performance of products.

CORPORATE CITIZENSHIP

We should be good citizens in the local communities in which we operate by supporting local initiatives and contributing to positive development. We also participate in social action internationally, for example, by helping victims of war and terror and by providing help in connection with natural disasters.

TRANSPARENCY

To build trust and create relationships, we must be open and honest in our communication and follow rules and standards.

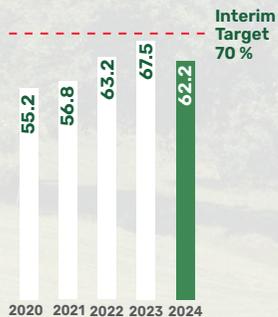
SUSTAINABILITY TARGETS

Increased climate benefit in our product portfolio

70%

The target is for 70% of our sales to consist of LCE-classified products by the end of 2026.

Percentage LCE-classified products



Continuously declining energy use

40%

The target is to reduce energy use by 40% by 2030 compared with 2019 as the baseline (measured in MWh/SEK million in sales).

Power consumption (MWh/SEK m)

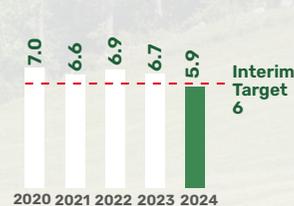


A safe workplace with no accidents.

0

Our long-term goal is zero accidents, though of course this is difficult to achieve. The interim target is an accident frequency rate of fewer than six accidents per year by the end of 2023, which was not achieved.

Accident frequency per million hours worked (number)



Reduce our CO2 emissions

65%

Our long-term goal is to be carbon neutral by 2050. The target is to reduce our direct and indirect carbon dioxide emissions by 65% by 2030 compared with the 2019 baseline.

Carbon dioxide emissions, tonnes



Ensure systematic quality and environmental initiatives

100%

The goal is for 100% of our production units to have certified management systems for ISO 9001 and ISO 14001.

Number of certified companies, %

ISO 9001 99
ISO 14001 98

DRIVERS AND TRENDS

CLIMATE CHANGE

- THE GREATEST CHALLENGE OF OUR TIME

One of the biggest challenges involved in achieving a global sustainable society is to reduce GHG emissions and slow down the current rate of climate change. There is great international awareness of how climate change, which contributes to natural disasters and extreme weather conditions, is threatening our living conditions, biodiversity and political stability in society. There is also awareness of and a strong momentum around the need to accelerate the transition to a fossil-free society.

A great deal of research and development is being carried out in both energy optimization and renewable energy. We believe that all three of NIBE Group's business areas stand at the forefront of this work.



CITIES ACCOUNT FOR 80% OF CARBON DIOXIDE EMISSIONS

As the global population grows and is increasingly concentrated in the world's cities, the infrastructure becomes overloaded and demand for resources, above all energy, increases. Cities currently account for 75% of world energy consumption and nearly 80% of carbon dioxide emissions.



ENERGY-EFFICIENT INFRASTRUCTURE AND CLEAN TECHNOLOGY

Demand for technology that supports the climate transition will increase and, as this technology becomes more available, the market will grow.

Population growth and urbanization boost demand for the transportation of both products and people. The transport sector is regarded as one of the greatest challenges as it is responsible for a significant proportion of societal GHG emissions and energy consumption.

A great deal of research and development is being carried out in both energy optimization and renewable energy. We believe that we stand at the forefront in our industry sectors.



SIGNIFICANT COMMITMENT

Paying attention to detail is an important parameter to be able to comply with regulatory requirements for our products.

ENERGY EFFICIENCY REQUIRED FOR A MORE RESOURCE-EFFICIENT SOCIETY

The international ambition to reduce the increase in the global average temperature to less than two degrees Celsius requires a reduction in GHG emissions equating to 70% by 2050 (compared with the base year 2010). This is equivalent to an annual reduction of 6.5% in GHG emissions. NIBE Group's products contribute to the transition to a fossil-free society through reduced energy consumption. We are ambitious and persistent in our work on developing a product portfolio of energy-efficient energy solutions that support this transition.

BUILDINGS ACCOUNT FOR 40% OF GLOBAL ENERGY CONSUMPTION

The world's combined property assets currently account for around 40% of total energy consumption and around one-third of global GHG emissions. The majority of emissions occur when energy is used to operate plants.



ECOSYSTEM FOR ENERGY EFFICIENCY IN LARGE PROPERTIES

Technological change is required to achieve a reduction in GHG emissions from buildings and this will involve phasing out fossil fuels in favor of energy-efficient systems based on renewable energy.

Because buildings are long-term investments that are active for many years, the energy-related and environment-related product choices made today are important because they will affect the environment for several decades to come.

The new generation of energy efficiency products will be integrated into an "ecosystem for well-being" and various portable digital solutions will provide real-time information between the various systems and users.



VENTILATION SYSTEMS ARE GROWING IN POPULARITY

Several large actors, such as sports halls, industrial facilities, churches, etc. have upgraded their properties by installing heating, cooling and ventilation.

COMPLETE CLIMATE CONTROL SYSTEM THAT IS EASY TO INSTALL, OPERATE AND MAINTAIN

Geothermal heating is solar energy stored deep underground, at the bottom of lakes or at depths of a few meters in the soil. A geothermal system enables you to create a comfortable indoor climate and provide the property with both heating and hot water, as well as cooling on warm summer days. This kind of renewable energy reduces your energy costs while also helping save the environment.

NIBE GROUP - FOR ENERGY-EFFICIENT PROPERTIES

Our products are found in most modern energy solutions that form part of everyday life. We create comfort, well-being and security in the home by supplying products for heating, air conditioning, ventilation and other solutions for a pleasant indoor climate. We are manufacturers of either end products and system solutions, or of the components found in the equipment. Our products enable us to contribute in a natural way to international ambitions to stop climate change and achieve a more stable world.

Cost-effective indoor climate comfort in hotels

Heating, air conditioning and ventilation are some of the biggest cost items and some of the biggest environmental aspects of commercial properties. The entire indoor climate comfort system can be automated and controlled remotely using NIBE Group's sustainable digital heat pump solutions. Heat pumps save energy even when idle, and the units have active cooling modules that produce excellent air conditioning.

Energy-efficient solutions for apartment blocks growing in popularity

In apartment blocks, apartments may have individual or shared heating, but in both cases the building can have a shared control and monitoring center with NIBE's concept solutions. These make it possible to optimize energy use in the property. Heat pumps produce heat and hot water and enable both air conditioning and ventilation.

High demand for energy efficiency in public buildings

Public buildings have traditionally been heated with oil, gas or coal. A huge number of buildings are still heated in this way, and they need to switch to cleaner, more modern, greener technology. NIBE offers climate control solutions based on technology such as geothermal energy, which is good for the environment and saves costs.

Older buildings get a new lease of life thanks to modern indoor comfort technologies

Old country houses and mansions present a challenge when it comes to reducing heating costs. Consequently, it makes financial sense to invest in a modern climate control system when they are renovated. NIBE can offer products and knowledge when it comes to all areas of renewable energy technology, which permits old properties to be climate-friendly without losing their charm and beauty.



NIBE - WORLD OF ENERGY

The building NIBE World of Energy in Markaryd, Sweden, was completed towards the end of 2024 and the official opening will take place in spring 2025.

THE WAY FORWARD IS ENERGY OPTIMIZATION AND CONTROL

The use of private cars and heavy goods vehicles on roads both present a major challenge when it comes to reducing carbon dioxide emissions. Several countries are therefore currently implementing major projects to renew and improve infrastructure, particularly that of rail-based transport.



HEAT SOLUTIONS FOR VEHICLES AND RAILWAY TRACKS

The ongoing electrification of the vehicle fleet requires e.g. battery heating, regenerative braking and heating of cameras and rear view mirrors.

We customize heating solutions, such as sensors and resistors, for the more advanced automotive and aerospace industry that includes spaceships, ships and airplanes, all of which require optimal performance and safety.

For the railway sector we offer several complete concepts with a large range of heating solutions and complete systems that enable railway tracks to be kept free of ice and ensure good indoor climate comfort in rail carriages.



OPTIMAL ENERGY SOLUTIONS THAT CONTRIBUTE TO REDUCED GHG EMISSIONS

We develop, produce and sell customized solutions and products for electric heating, measurement and control for all industry sectors, including HVAC, transport, energy and environment, household appliances, manufacturing and process industry, advanced technology and commercial equipment, all of which have their own specific requirements and demands.

Digital development means that tubular heating elements can be combined with smarter control, for example, in order to save energy and therefore costs.

NIBE AN INDUSTRIAL PARTNER TO MANY COMPANIES

Our product development, in collaboration with business partners in the transport sector, continuously results in new solutions for energy optimization and control. We are a partner to many companies in a wide range of industries, developing and manufacturing components and solutions for intelligent heating and control. Many companies within a wide range of different industries, which require different solutions for their specific products, have found their industrial partner in NIBE Group.

Cleaner air in cities thanks to electrification

New hybrid vehicle models are constantly being launched for both passengers and commercial use. We play an active part in the development of products for efficient energy utilization, for example, delivering elements for battery heaters and interior heaters using sources such as regenerative braking.

Energy efficiency in the transport sector

Large investment projects for improved infrastructure, including in railways, are underway all over the world. NIBE Group's subsidiaries are contributing by developing and supplying equipment both for vehicles and for heating rails and switches, which are controlled and regulated automatically.

Solar panels are important to achieve climate neutrality

With solar panels on the roof, property owners can produce electricity for their own use and any surplus is supplied to the grid. This is good for the climate and produces a significant financial gain, whichever form of heating is used in the property. The most efficient solution is to combine solar panels with a heat pump solution.

Rapid development of equipment that saves lives

In the medtech industry, developments are rapid and new solutions save lives. NIBE Group's subsidiaries contribute by being at the cutting edge of product development based on foil elements for various applications such as operating tables, sterilization equipment, DNA analysis and respirators.





NIBE GROUP - FOR SECURITY IN EVERYDAY LIFE IN THE HOME

Our products are found in most modern energy solutions that form part of everyday life. We create comfort, well-being and security in the home by supplying products for heating, air conditioning, ventilation and other solutions for a pleasant indoor climate. We are manufacturers of either end products and system solutions, or of the components found in the equipment.

Our products enable us to contribute in a natural way to international ambitions to stop climate change and achieve a more stable world.

Energy efficiency and indoor climate comfort

Heating the home with a heat pump is one of the most energy-efficient and environmentally friendly solutions available. This reduces costs and saves the environment for both current consumers and future generations. Combined with waterborne underfloor heating, it also produces a comfortable indoor climate.

Modern technology for secure access to hot water

Constant access to hot water is an important part of our quality of life. We offer households peace of mind with reliable, energy-efficient water heaters. Washing machines and tumble dryers, which make life easier for many of us, also need to be energy efficient. They also contain several components made by companies in NIBE Group.

Energy-efficient components for domestic appliances

Our modern kitchens today contain many appliances that are used frequently. Most of them, such as coffee makers, ovens and dishwashers, incorporate components produced by NIBE Group, which helps them be as energy efficient as possible when they are used.

Modern stoves save both money and the planet

A stove really makes a house cozy. It gently heats and becomes a natural place to gather on winter days and evenings. A stove saves money and, as combustion is very efficient and wood is a renewable energy source, it helps save the planet too. Stoves are also a secure source of heating in the event of power outages and energy price volatility.

A scenic landscape featuring a calm lake in the foreground, a large tree with vibrant green leaves on the right side, and a dense forest of trees in the background. The sky is a clear, bright blue with some light clouds. The text "BUSINESS AREAS" is centered over the image in a white, bold, sans-serif font.

BUSINESS AREAS

BUSINESS AREA NIBE CLIMATE SOLUTIONS



Energy-efficient, environmentally friendly and intelligent products for climate control, improved indoor climate comfort and water heating. Thanks to our products and services, the energy consumption of properties, and the related climate impact is dramatically reduced with no reduction in comfort.

GEO THERMAL HEAT PUMP S1256
A heat pump from NIBE AB that features intelligent control and automatically adapts to the indoor climate

HEAT PUMPS ARE A KEY PART OF THE TRANSITION TO A MORE SUSTAINABLE SOCIETY

A fundamental driving force for our business is the energy efficiency improvement and global transition to more sustainable energy solutions that is necessary to reduce negative climate impact and conserve the earth's finite resources.

According to the United Nations Environment Programme, UNEP, properties account for around 40% of the world's total energy use. This corresponds to around one-third of total GHG emissions. Reducing GHG emissions from buildings demands a technology shift. Systems based on fossil energy sources such as oil, coal and natural gas must be reduced and over time completely phased out in favor of systems based on renewable energy and which require less input energy for the same power.

The International Energy Agency (IEA) has formulated a sustainable energy scenario (SDS¹), which quantifies what is required to achieve the UN Sustainable Development Goals (SDG). Heat pumps are one of the solutions in this scenario. Heat pumps currently meet only 10% of global heating needs in residential buildings, which according to the IEA must double by 2030² if climate goals are to be realized.

¹ www.iea.org/events/
² www.iea.org/reports/

The pace of transition depends on many factors:

- Energy price trends – particularly with regard to the price difference between electricity and fossil fuels such as oil and natural gas.
- Policy instruments – partly direct financial assistance and subsidies for conversion and energy taxes and partly indirect aid affecting new or rebuilding costs.
- Regulatory requirements for products – including the Ecodesign Directive, which sets minimum requirements for energy performance of products on the EU market. The directive aims to improve products' environmental performance throughout their life cycle.
- Restrictions on installation of gas boilers in connection with replacement of heating systems, and prohibition on installation of gas systems in new builds.
- Expansion of fossil-free infrastructure for climate control and hot water.
- Smart buildings – which result in increased demand for better energy performance and control of the climate systems of both single-family homes and commercial properties.
- The development of the property and construction market, where new construction and renovation often involve sustainable energy solutions.
- Costs to the end-user are crucial for investment and operating costs, depending on the type of energy.
- The prevailing economic situation – which could reduce consumers' purchasing power temporarily, but could also unleash pent-up demand when the economy starts to improve.

BUSINESS MODEL NIBE CLIMATE SOLUTIONS

Local presence in prioritized markets

Via our international presence, we have a comprehensive distribution system with our own subsidiaries or local importers/agents in each prioritized market. The products are principally distributed to wholesalers or directly to installers. The local installer is usually the end consumer's closest contact and the person who ultimately sells and installs the product. There may be different distribution systems on the same geographical market if we are represented by several brands.

We are present in the entire decision-making process all the way to the end-user.

Our end customers are private homeowners and owners of rented properties and commercial premises. Other partners who have a strong influence in the decision-making process may include installers, architects, planners, designers, builders, consultants and energy consultants.

A large number of operators are involved in the commercial properties segment and the projects are quite complex, so the decision-making process tends to take a long time. At the same time, there is increasing direct contact between us as the producer and end customers, as deliveries are often made directly to the property.

Marketing

We market our products through several channels to our end customers, but also to different partners. An ever increasing proportion of marketing takes place via digital channels, which also enables follow-up of our marketing reach.

The relationship with installers and distributors is very important. Good knowledge about our products, how they are installed and calibrated, but also about the service and advice we offer during the process is often a prerequisite for an installer to choose a trademark from NIBE Group. We enhance our relationships by continuously offering training in our products and system solutions combined with visits to our production units. All our subsidiaries have their own training centers for customer and installers, in addition to which a lot of training is available digitally. Trade fairs remain an important arena for meeting our customers.

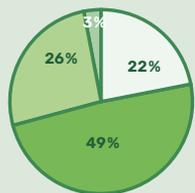
BUSINESS FOCUS

We supply the market with world-class solutions in sustainable energy through intelligent, environmentally-friendly products for domestic hot water heating and indoor climate comfort designed for both single-family houses and larger properties. The product range comprises both individual products and systems for heating, air conditioning, ventilation and heat recovery.

BUSINESS OBJECTIVE

Our business objective is to consolidate our market-leading position in Europe and North America. Continued growth in our prioritized markets involves a combination of organic growth and acquired growth.

Geographical distribution of business area's sales



- Nordic countries
- Europe (excl Nordics)
- North America
- Other markets

CHALLENGING YEAR WITH A FOCUS ON INVENTORY REDUCTIONS

Heat pump stockpiling by distributors and installation companies in 2023 resulted in cumbersome inventory build-up in the business area in the year just ended, which had a significant impact on the industry as a whole. Retained investments in product development and marketing, together with investments in product development that were decided previously and have now been implemented, and efficient production and marketing ensure that the business area is well prepared for expansion.

Double inventory build-up

The sharp heat pump inventory build-up in both distribution chains and in installation companies meant that the business area's sales, and therefore production, of heat pumps fell sharply. However, underlying healthy and stable demand for heat pumps from end-users has resulted in a continuous, ongoing reduction in inventories in both directions in the distribution chain.

At the end of the year we estimated that these inventories had reached more acceptable levels in the majority of the business area's markets, leading to an improved outlook for 2025.

Product development for continued expansion

Product development is essential for continued expansion and to further strengthen our profile as a market leader in sustainable energy solutions for indoor climate comfort based on renewable energy. The business area's product development was essentially completely exempted from the action plan that was implemented and was able to continue without interruption in all subsidiaries.

Our product development prioritizes energy efficiency, improved product performance, natural refrigerants, connectivity, intelligent control and lower noise levels.

TARGETS

Growth target

We shall achieve growth of at least 20% annually, of which half is organic.

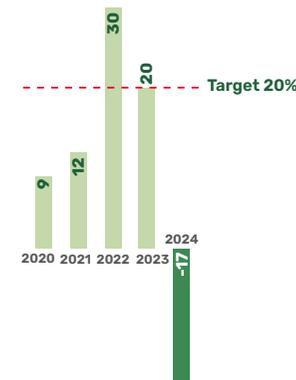
In 2024, the total decline was -17.0% (+20.3%), of which -21.2% (+14.4%) was organic. This means that organic growth was 35.6 percentage points lower than in 2023. Growth has been 9.6% on average over the last five years.

Operating margin target

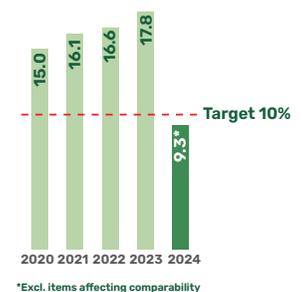
Operating profit shall be at least 10% of sales over a business cycle.

Operating profit in 2024 was 6.1% (17.8%) of sales. This means that the operating margin decreased by 11.7 percentage points compared with 2023. Adjusted operating profit for the year totaled SEK 2,425 million, corresponding to an operating margin of 9.3%. The operating margin has been 14.4% on average over the last five years.

Objective fulfilment
Growth (%)



Objective fulfilment
Operating margin (%)



*Excl. items affecting comparability

Stronger position for commercial ventilation

During the year, we also strengthened our position in the market for commercial ventilation. Some of the business area's companies in both Europe and North America already have good market positions in this segment, which is a prioritized area for the business area's continued growth. In the spring, we launched the NIBE Flow series for ventilation of commercial properties. This series of ventilation units was developed in-house. This has been well received by the market.

Increased capacity in state-of-the-art production

We firmly believe that we will continue to see continued long-term growth in demand for heat pumps in both Europe and North America. The comprehensive investment program that was decided in 2020 has largely been invested in the business area's heat pump production. The majority of these investments have now been completed and will not only add more capacity but will also have a significant positive impact on productivity, delivery reliability and quality, all of which will improve margins.

Action plan implemented successfully

The action plan has been implemented in full in the business area. It comprised measures to improve organizational efficiency and reduce overheads, both in the short and long term. In particular, the majority of the business area's European operations implemented measures that involved cutting employees in a number of categories.

Collaboration between the companies in the business area has been further intensified with the aim of realizing additional synergies. Collaboration in areas such as purchasing, quality and sustainability has been escalated and several new synergies in both product development and production rationalization have been achieved.

Together, the implemented measures have brought clearer organizations, adapted to the current market situation, without affecting either the business area's ability to remain a market leader or its flexibility in increasing production to meet expected future demand growth.

Return to historical margins

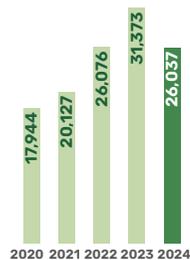
The aim is to return to an operating margin within the business area's historical range of between 13% and 15% in 2025.



SIMON KARLIN
Head of business area
NIBE Climate Solutions

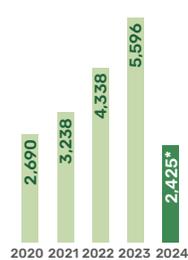
2024

Net sales
(SEK m)



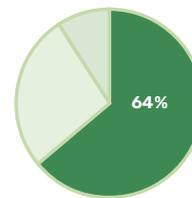
Net sales declined by 17.0% compared with 2023.

Operating profit
(SEK m)

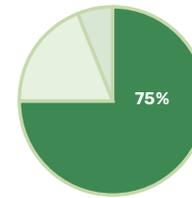


*Excl. items affecting comparability

Net sales
Percentage of Group



Operating profit
Percentage of Group



Adjusted operating profit decreased by 56.7% compared with 2023. Adjusted operating profit accounted for 75% of the Group's operating profit.

“ In the spring, we launched the NIBE Flow series for ventilation of commercial properties. This series of ventilation units was developed in-house and has been very positively received. **”**

SEVERAL CLEAR TRENDS

NIBE Group is focused on world-class energy solutions. Our heat pumps are part of our offering and several trends indicate that they form a significant part of the global transition to a more sustainable society.

Electrification

There is a clear trend towards increased electrification of society. The increased transition from heating based on fossil fuels to solutions based on electricity also results in increased awareness, knowledge and interest in heat pumps as a source of energy for indoor climate and hot water. A positive change in attitude to electricity as a source of energy for indoor climate is underway, largely thanks to increased interest in hybrid and electric vehicles. At the same time, intensive research into renewable electricity is underway. Property owners are also propelling the trend towards electrification through an increased willingness to invest in renewable electricity, for example, through installation of solar panels on the roofs of buildings.

Digitalization

Digitalization enables smart home systems to be set up by interconnecting the different parts of the house that affect climate and comfort: heating, cooling, ventilation and hot water. Digitalization also offers an opportunity for better management of energy costs for households and commercial properties. For example, as energy costs have fluctuated sharply, the focus has been on using smart price adaptation to improve energy efficiency. Digitalization also facilitates large systems for built-up areas in which consumers and producers of energy are connected to achieve optimal efficiency and price optimization.

Phasing out of gas networks benefits district heating and heat pumps

When gas-based networks for water-based (hydronic) heating and domestic hot water are phased out, fifth-generation district heating systems based on lower supply temperatures will offer an increasingly popular solution.

Heat pump technology will play a vital role in these systems, enabling the energy in district heating to be used to raise temperatures in buildings to a higher level at the point of demand. Recovered heat can also be returned to the district heating network, for example, from exhaust air ventilation or from heat generating operations such as data centers or industry. Renewable electricity production is integrated in the system while digital control of energy consumption is linked to energy production.

Huge market potential

There is great potential in the climate control sector (heating/ventilation/cooling) with good opportunities for future expansion of product solutions for indoor climate comfort.

We estimate that the global market for climate control products in our product segments is worth at least SEK 1,200 billion. It is estimated that every year, an average of some five million heating units need to be replaced in single-family and two-family homes in the EU alone, including Switzerland, Norway and the UK. In addition, during an average year at least one million new units are installed in new builds in the same countries. The underlying need for transition to more sustainable climate control solutions will remain and in the long term will result in a sharp increase in demand for heat pumps, even if the prevailing economic situation in Europe is currently having an adverse effect on demand. The additional market for NIBE Climate Solutions is currently estimated at SEK 1,000 billion.

Nordics lead the way

The proportion of heat pumps in single-family and two-family homes is high in the Nordic countries. The alternative is primarily district heating in urban areas. A change to a fifth generation district heating network opens up an even greater overall market for heat pumps.

The proportion of heat pumps is lower in the rest of Europe, where gas and oil-fired boilers are predominant. As willingness to replace fossil fuel-based systems increases, we are seeing a rise in demand for various types of heat pump solutions.

When single-family and two-family homes are connected to the fifth generation district heating network, these heat pumps will have a lower output. At the same time, apartment blocks and commercial properties will need one or more large heat pumps, installed in a central system that meets the heating demand of the entire building.

Political will for sustainable heating

Political support for mitigation of global environmental and climate

challenges has faced obstacles in many markets in the last year. Direct financial support and tax relief have been cut in many countries as a result of competition with other political initiatives. However, long term we see a continued ambition and growing desire to phase out heating products that use the fossil fuels oil and gas.

The EU member states have previously adopted climate goals for 2020 and 2030 respectively to cut collective emissions. They now aim to be climate-neutral by 2050 through the EU Green Deal, which will rely on legislation and action plans to promote more efficient use of resources through a transition to a clean and circular economy. Energy efficiency in buildings is one of the focus areas and in connection with this, the importance of urgently improving the energy efficiency of existing properties has also been highlighted.

There has also been a change of course in the North American market in respect of climate transition and long-term phasing out of fossil fuels. The Inflation Reduction Act (IRA), the long-term program introduced in the USA, is valid until 2033 and contains significant tax incentives for contractors installing heat pumps in both single family homes and commercial properties. The new administration has so far not taken any decisions to change this program.

NIBE Group participates in the debate by continuously informing politicians and decision-makers in both the EU and the USA about heat pump technology and the central role it plays in the transition to a more sustainable society based on efficient, non-fossil, energy use.

Strong position in a growing market

Despite weaker sales in the past year, the European heat pump market has grown sharply in the last five years. This, combined with the market position we have built up over the years through both acquisitions and new establishments, has facilitated NIBE Group's expansion. Growth in Europe declined slightly in 2024.

Higher inflation and sharp rises in interest rates led to a significant drop in activity in both renovation and new construction. However, the market potential remains unchanged. By maintaining our strong market position, we will benefit from the continued long-term growth in the market. Systematic marketing has also been carried out to safeguard and reinforce our long-term market position.

The heat pump market in North America is also growing, albeit from lower levels in relative terms. Growth has been boosted by new, long-term tax subsidies and we are actively participating in the ongoing market transformation. With our experience from the European market, we are taking a long-term perspective and investing in raising awareness among end consumers of the necessity of switching from fossil fuels to renewable alternatives for indoor climate comfort, with geothermal heat pumps a sustainable and financially attractive alternative in the long term.

Commercial properties increasingly important

The international market for climate control products in commercial properties is becoming increasingly important. Thanks to a number of acquisitions in recent years, our competitiveness in these product categories has increased.

We see great potential in both future new production and in upgrading to modern technology, both in Sweden and internationally. We are therefore continuously developing both the product range and organization to strengthen our market position in this area.

Stable market for water heaters and district heating

As regards traditional water heaters, demand remains stable in both the Nordic countries and the rest of Europe. Under the Ecodesign Directive, these products are subject to stricter specifications for insulation and control. We welcome these requirements for improved performance. Our product portfolio already meets these strict requirements. Water heaters intended to provide for an entire household's hot-water needs are supplied with a heat-pump module to meet the standard requirements.

Both the Nordic and European markets for district heating products have remained relatively stable, while sales of pellet-fired products and conventional domestic wood-fired boilers have remained sluggish.

Fragmented market

The market for our product areas remains fragmented. We are continuing to grow, yet the competition is growing too. International HVAC groups are also focusing on energy conservation and environmentally sound products. Opportunities for acquisitions of both small and large actors benefit our growth strategy, which involves growth of an average of 20% per year, half of which should be achieved through strategic acquisitions and half through organic growth.

RHOSS SUPPLIED THE INDOOR CLIMATE SYSTEM TO THE RECONSTRUCTED NOTRE DAME CATHEDRAL IN PARIS

The extensive restoration of Notre Dame Cathedral in Paris following the fire in April 2019 has been completed and the Cathedral has reopened to visitors.

The installation of fourteen air handling units from RHOSS guarantees a high level of comfort, low noise level and excellent indoor air quality.

In order for the air handling units to be adapted to the building, they had to be fully assembled on site. This posed a logistical challenge but also offered an opportunity for both precision and adaptation of the installation.



FACTS ABOUT RHOSS

The company, which was established in 1968, develops and produces ventilation and cooling systems for commercial buildings. NIBE Group acquired the company in 2017.





NIBE CLIMATE SOLUTIONS – PRODUCT DEVELOPMENT AND PRODUCTION

THE INNOVATION CENTER IS AN IMPORTANT PART OF FUTURE DEVELOPMENT

Product development is done at all our manufacturing subsidiaries. NIBE has product development centers focusing on the development of heat pumps and systems for indoor climate comfort not only in Sweden, but also at multiple other locations in the Nordic countries, Europe and North America.

Product development focuses on continuously improved performance, intelligent controls and the design of systems in which renewable energy production is linked to climate systems and energy recovery via heat pumps. Software development is a major focus. The business area invests around 3.5% of sales in product development annually.

NIBE'S EMC CHAMBER, A UNIT ASSET FOR PRODUCT DEVELOPMENT

The more electric products that are used in society today, the more important control of these products is to ensure these products do not impact each other negatively.

In 2024, NIBE's center for product development in Markaryd opened a unique EMC chamber, an advanced facility for testing of the electromagnetic compatibility of products. At this facility, the products' electromagnetic properties are measured and checked to ensure that emissions and immunity comply with laws and regulations and do not create problems in their surroundings.

Measurements take place in a room, a chamber, that is shielded from external interference. The chamber is designed to ensure that electromagnetic waves generated within the chamber are absorbed and reflections are prevented. This is one of only a handful of EMC chambers in Europe and an example of NIBE's significant investments in product development and innovation.

Synergies

International exchanges and collaboration occur between the product development departments at our various companies, resulting in positive effects in the designing of new products in terms of both time-to-market and level of technology.

Development to achieve climate goals

Sustainability is an important factor throughout a product's life cycle. Proactive market-based product development has several target criteria. Our products must be resource-efficient in both production and operation and thus help reduce climate impact. Although we have long used, for example, the natural refrigerant R290, with a GWP value of just 3, in many of our heat pumps, the F-Gas Regulation introduced by the EU entails continued intensive work on converting the entire product range to this environmentally friendly refrigerant, and the focus is, as always, on maintaining high energy efficiency and quality.

We develop our products according to a number of main criteria:

- Continuous improvement of energy efficiency
- Utilize renewable energy
- System solutions (partial or whole)
- Increased efficiency via advanced control
- Convertible (heat in winter/cooling in summer)
- Recyclable
- Environmentally adapted and lower GWP for refrigerants
- Appealing and timeless design
- Lower noise level
- Better overall cost efficiency

We practice what we preach

We are leading by example and using our heat pumps to improve energy efficiency and indoor comfort at the Group's production plants globally. This reduces our use of oil and gas in favor of heat pumps and renewable energy throughout the Group. For example, by installing heat pumps in our own facilities within Climate Solutions, we have increased the production of self-generated heating by 100% since 2019.

Efficient and flexible production

Production takes place in some twenty modern plants in Europe and North America and is continuously streamlined through robotics and automation. Our production units in Sweden, Germany and the USA are the business area's biggest plants.

Part of our production is in the Czech Republic, Poland, Turkey and Serbia, all of which have lower labor costs compared with western Europe.

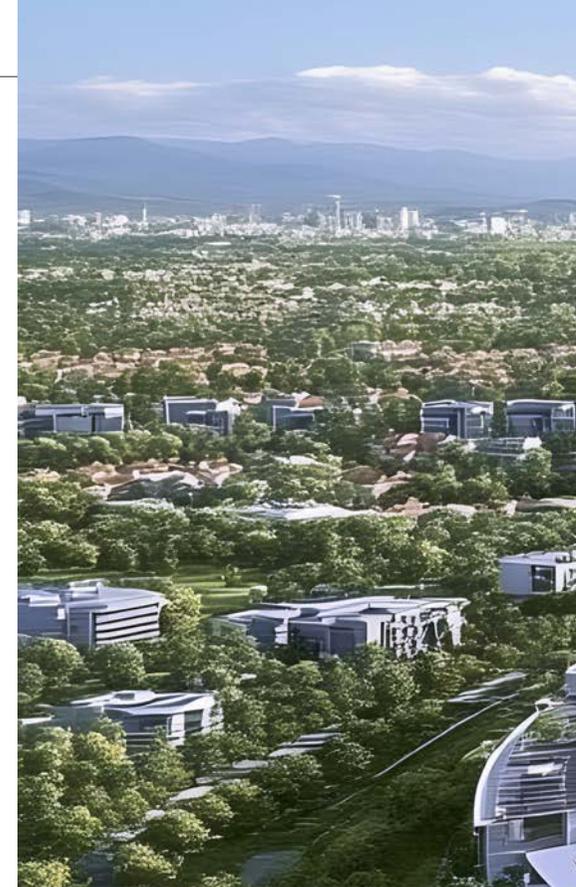
Manufacturing methods in NIBE Group are evaluated regularly to optimize production processes and reduce environmental impact. The strategy is to gradually build up several specialized manufacturing units.

We continuously invest in all production units to improve the opportunities for cost-efficient production for both domestic markets and market segments with lower technical specifications and prices.

In 2024, we invested SEK 1,767 (2,717) million in the business area's facilities.

PRODUCTS THAT CONTRIBUTE TO A SUSTAINABLE SOCIETY

NIBE Climate Solutions offers a wide range of products and services for intelligent, energy-efficient indoor climate comfort, including heating, air conditioning, heat recovery, ventilation and water heating for homes, apartment blocks and commercial properties.



HEAT PUMPS

The principle is based on indirectly extracting energy from the sun, which is stored in rock, soil, air and water or surplus heat from ventilation exhaust air. The heat pump can also be used for air conditioning in both single-family houses and large properties and industry.



REFRIGERATION SYSTEMS

Complete systems for optimization of indoor climate, for air conditioning and air handling, including cooling units, multipurpose systems, fans and air handling units for commercial properties and single-family homes.



WATER HEATERS AND ACCUMULATOR TANKS

Water heaters that are designed for energy-efficient heating either with electricity, a heat pump or solar energy. Accumulator tanks that make use of the heat from a wood burner or heat pump, designed for both single-family homes and installations in large properties.



FUTURE VISION *Our products and services for all types of properties can be combined in system solutions comprising both existing and new systems. Most of our solutions are based on recovering renewable energy from soil, rock, sun, water or air.*



DISTRICT HEATING PRODUCTS

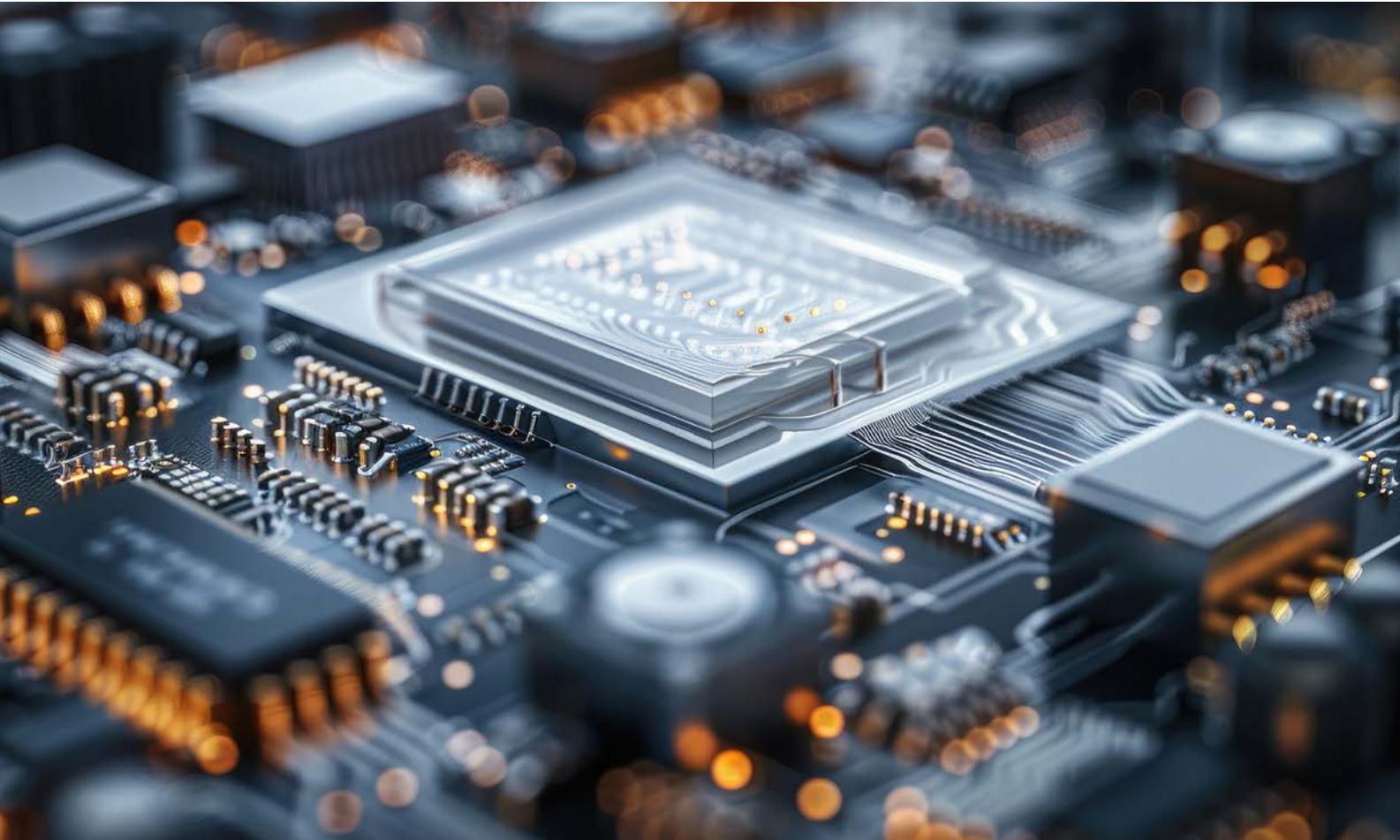
Local and district heating centers for distributing district heating to individual single-family homes as well as individual apartments.

CLIMATE CONTROL SYSTEMS FOR LARGER PROPERTIES

Large residential properties and commercial properties usually have a climate control system that ensures good ventilation, a steady temperature and the correct humidity in all seasons. By combining these products with heat pumps it is possible to achieve both energy recovery and optimal operational efficiency.



BUSINESS AREA NIBE ELEMENT



An industrial partner with customized components and intelligent solutions for heating and control with a focus on sustainability. Most product groups enhance energy efficiency, optimize energy consumption and contribute to a smaller carbon footprint.

NIBE ELEMENT IS A SUPPLIER TO THE SEMICONDUCTOR INDUSTRY.

We saw a gradual improvement in demand in the semiconductor segment throughout 2024 and we expect this to continue in 2025.

STRICTER REQUIREMENTS FOR REDUCED CLIMATE IMPACT CONTRIBUTE TO ENERGY-EFFICIENT CLIMATE SOLUTIONS

Our operations

Our operations continue to be positively affected by developments in the areas of energy and the environment. These developments drive our business, which is being directed towards the need to make end products more energy-efficient and adapted to stricter requirements for reduced climate impact. This is particularly relevant in industries that also have a focus on sustainable development such as wind power, heat pumps, rail-based transport and electric and hybrid vehicles. In line with the requirements for increased energy efficiency, driven by new laws and directives, the category traditional domestic and small household appliances can be added to this type of products.

Digitalization is also a significant driver, both in terms of function in our solutions and demand from the semiconductor industry.

Our focus on increasing our added value by also supplying intelligent controls for our products continued to develop well during the year. This applies to several important market segments such as the semiconductor and automotive industries, as well as sectors for various forms of energy solutions.

The semiconductor industry is a growing market segment for the business area because products in many growth segments use a large volume of semi-

conductors. The industry has performed well over the long term, but with significant cyclical fluctuations that do not correspond to traditional business cycles in industry. Following very strong growth in the early 2020s, the USA introduced new trade restrictions concerning technology exports to China, which will negatively impact demand in the short term. However, in the long term, this will be compensated for by increased demand linked to investments in new production units in both North America and Europe, and to new areas of application.

Good potential for increased market shares

The addressable market for NIBE Element's product areas is currently estimated at approximately SEK 160 billion.

The market is generally fragmented, with many local operators and some large regional and global ones. However, the North American market is more homogeneous and can be regarded as a common market. NIBE Element is a global supplier in most product categories of elements.

The markets for our product areas tend to keep pace with national industrial development and growth in GDP.

BUSINESS MODEL NIBE ELEMENT

Customers in several industries

Our OEM (Original Equipment Manufacturer) customers in, for example, HVAC, domestic appliances and commercial equipment, are increasingly part of large, global groups of companies with coordinated purchasing. The Groups' purchasing is to a large degree managed centrally, but also through regional suppliers. Consequently, it is important to establish good relationships both centrally, regionally and locally.

For industrial customers, our aim is to gradually increase our local presence so that we can deliver small runs and specialist products adapted to local needs with short lead times and local technical support.

Where, perhaps for cost reasons, we have chosen not to set up our own manufacturing operations, we have established a presence in the form of a sales and technical support office. We market our products by industry or country, depending on the size and structure of each industry.

Two main customer groups:

OEM – where the customer buys our products and systems as a part of their end product.

INDUSTRY – where the components or system solutions are used primarily in the customer's own manufacturing process.

As one of the world-leading operators, we are represented globally and can distribute our products to both these customer groups in a cost-efficient and sustainable way, with good service as well as short transport distances.

Marketing and shared sales platforms

As a subcontractor, we market our offering to the B2B market primarily via sales staff and the internet. Trade fairs are normally an important marketing and sales channel but the importance of digital marketing has also increased sharply and an online presence is now crucial to ensure visibility.

For some special segments, such as industry, wind power and transport, we have global marketing managers and shared sales platforms and marketing campaigns for groups of subsidiaries.

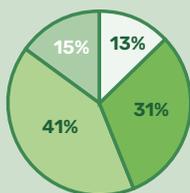
BUSINESS FOCUS

We provide the market with world-class solutions in sustainable energy by supplying both manufacturers and users with components and solutions for intelligent heating and control.

BUSINESS OBJECTIVE

We shall be one of the leading suppliers in the world, and our local presence and full range will be marketed on a gradually growing number of domestic markets by means of suitable acquisitions or start-ups. Medium-sized series are marketed by country or industry, while unique special products and large bulk products are marketed globally.

Geographical distribution of business area's sales



- Nordic countries
- Europe (excl Nordics)
- North America
- Other markets

A STABLE MARKET WITH LARGE VARIATIONS

In the year just ended we saw stable demand in the business area's various market segments, excluding products linked to HVAC, where a sharp decline in production in the heat pump segment in Europe has had an adverse effect on the business area. Development projects and investments in the electrification of public infrastructure, as well as investments in semiconductor production, showed positive development. The general economic situation in the manufacturing industry changed from stable to cautious in the latter part of the year. At the same time, the action plan that was implemented, together with efficiency measures within the organization, means that we enter the new year with a trimmed cost structure in all markets.

Stable, but with large variations

The majority of the business area's market segments reported strong demand for the full year 2024. However, this stability included significant variations between both segments and periods.

Market segments linked to the automotive industry, as well as rail-based transport, reported significant interest in development projects and positive demand for products. Electrification of the vehicle fleet, which applies to both commercial and private vehicles, is expected to be one of the business area's segments that will continue to show positive development. Electrification of vehicles will increase significantly regardless of whether propulsion is based on electricity, hybrid solutions or relies entirely on a combustion engine, since all vehicles rely on electric heating and steering. Investment in railway maintenance and expansion is expected to continue.

The business area has successfully invested in development of technology that is part of the manufacturing equipment used for semiconductor components. This market segment is expected to continue to show positive development as production plants that are either under construction or planned in both Europe and the USA come on stream.

Development in the wind power industry has stalled for political reasons linked to the granting of permits for new facilities. However, the business area has continued to successfully develop components and systems for the actual wind power plants and expects this development to continue.

TARGETS

Growth target

We shall achieve growth of at least 20% annually, of which half is organic.

In 2024 the total decline was -6.8% (+8.9%), of which -8.4% (+6.3%) was organic. This means that organic growth was 14.7 percentage points lower than in 2023. Growth has been 9.7% on average over the last five years.

Operating margin target

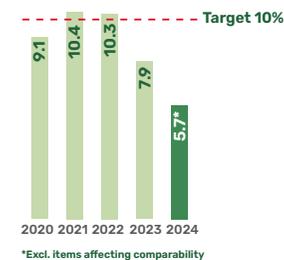
Operating profit shall be at least 10% of sales over a business cycle.

Operating profit in 2024 was 3.3% (7.9%) of sales. This means that the operating margin decreased by 4.6 percentage points compared with 2023. Adjusted operating profit for the year totaled SEK 629 million, corresponding to an operating margin of 5.7%. The operating margin has been 8.0% on average over the last five years.

Objective fulfilment Growth (%)



Objective fulfilment Operating margin (%)



*Excl. Items affecting comparability

The sharp decrease in production among manufacturers of heat pumps has put a damper on the business area's sales and margins. Things are starting to look brighter for this product category, which is positive for the business area, but it will take some time for the effect of this to show in operations. The reason for this is that the business area's products for the heat pump market fall within a late stage of the cycle, since demand for the business area's products will not start to rise until manufacturers' own component inventories have fallen to sufficiently low levels.

Strength as local industrial partner

The technological development in respect of energy efficiency, heating and control continues to create new business opportunities for us globally. We see significant potential in all our business segments but cyclical nature means development will differ between the segments.

We have a large number of subsidiaries in several markets, which have good internal collaboration. In the wake of increasing trade policy tensions, having a local presence on a global market give us a competitive advantage. We are well equipped to develop relationships with existing local customers, identify new customers and identify new acquisition opportunities in a fragmented market with many local, owner-led entities.

Six smaller bolt-on acquisitions

In 2024 the business area carried out six smaller bolt-on acquisitions in the market segments Industry, HVAC and Resistors. The acquisitions were made in Europe and Australia and efficiently and seamlessly complement the business area's operations. All six acquisitions have already added skills and business opportunities during the year, as well as minor sales to the business area's operations. RF Electric, Italy, Industry - Relek, Sweden, HVAC - Alma Technik, Netherlands, Industry - Proheat, Spain, Industry - Ohmic, Australia, Industry - Dansk Värmekabel, Denmark, HVAC and Industry.

Action plan implemented successfully

The action plan has been implemented in full in the business area. This primarily consisted of reducing the number of employees in production, distribution and administration by more than 1,000 people. More efficient management of premises has freed up space that no longer needs to be leased, and a production unit in Mexico was wound up. The departments for product development, marketing and sales were left more or less untouched to have the strength required to penetrate the market when demand returns.

Return to historical margins

The aim is to return to an operating margin within the business area's historical range of between 8% and 10% in 2025.

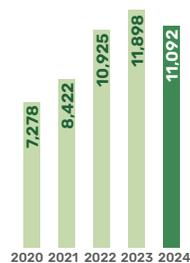


CHRISTER FREDRIKSSON

Head of business area
NIBE Element

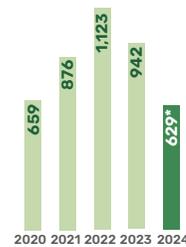
2024

Net sales
(SEK m)

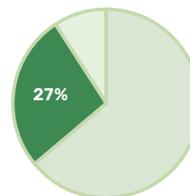


Net sales declined by 6.8% compared with 2023.

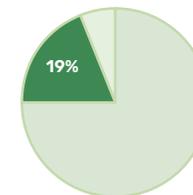
Operating profit (SEK m)



Net sales
Percentage of Group



Operating profit
Percentage of Group



Adjusted operating profit decreased by 33.6% compared with 2023. Adjusted operating profit accounted for 19% of the Group's operating profit.

Development projects and investments in the electrification of public infrastructure, as well as investments in semiconductor production, showed positive development.

NIBE ELEMENT – PRODUCT DEVELOPMENT AND PRODUCTION

SUSTAINABILITY DRIVES DEVELOPMENT

Our product development is a key factor in our ability to survive on the competitive global market. Requirements for the various industries and technologies differ significantly from each other in terms of performance and standards. The trend also involves growing demand for system solutions and thus increased technology content. This is also reflected in increased value added, which involves elements being supplied with control.

We have well-developed testing facilities in modern laboratories, where we collaborate closely with our customers to ensure that the products meet current standards and requirements.

Sustainability is an important factor throughout a product's life cycle. Our products must, of course, be produced in a resource-efficient manner, but just as important is that they must be energy-efficient to operate and help reduce climate impact.

The business area invests around 3.5% of sales in product development annually.

Local product development in networks

Greater specialization combined with proactive, fast-paced development in partnership with our customers is the reason why product development is largely decentralized at our subsidiaries. At the same time, we have an open climate for knowledge exchange between all subsidiaries, a network to which all newly acquired companies also have direct access. A unit responsible for knowledge and technology transfer is involved in raising awareness and encouraging our companies to take part. This technology transfer creates continuous synergies that considerably reduce time-to-market in several areas.

PRODUCT DEVELOPMENT IN FOUR DIMENSIONS

Our development process can be divided into four parts:

- Product development for brand new products, new functions for existing products and improved properties for existing products.
- Product customization mainly occurs in consultation with the customer to develop unique solutions for the customer's special needs and customized solutions where we take a larger system responsibility.
- Process development optimizes products in terms of choice of materials, quality and technical performance.
- Technical production development improves production in terms of machines, reduced environmental impact, production methods and efficiency.

OUR PRODUCTION UNITS

Production that provides flexibility

Production takes place at some 90 plants in Europe, North America and Asia. Having production plants for bulk products on different continents gives us great flexibility, allowing us to relocate production based on the cost, tariff and currency situation.

Local production constitutes an important and major element of our competitive strength for deliveries of small and medium-sized series with short lead times. For larger series and special products, production is based at specialist units.

More efficient production

Measures to boost productivity and quality are implemented continuously, both through minor, continual improvements and major investment programs in robotization and automation, even in low-cost countries in eastern Europe, Asia and Mexico. These long-term investments contribute to higher, more consistent quality, resource efficiency and an improved working environment.

In 2024, we invested SEK 571 (886) million in improved production capacity and efficiency.

LARGE ENERGY SAVINGS IN THE JAPANESE RAILWAY NETWORK WITH SCANDINAVIAN TECHNOLOGY

Japanese trains are known for being punctual, which means all switches must be cleared of snow and ice in the winter. If the switches don't work, the trains don't arrive on time. A large amount of energy is used just to keep the switches warmed up and working, even in extremely cold weather. A technology based on electric heating elements enables the Japanese railway network to maintain punctuality.

Heating of switches is the second-largest source of energy consumption for the railways and in order to save energy they have searched for a new, better technology. As a result of NIBE Group's subsidiary SAN Electro Heat having been given the opportunity to install its BluePoint switch system in Japan, energy savings of up to 75–80% have been recorded.

The system is controlled by weather conditions, not just actual, locally measured, weather data, but also a very localized weather forecast that is received by the system.

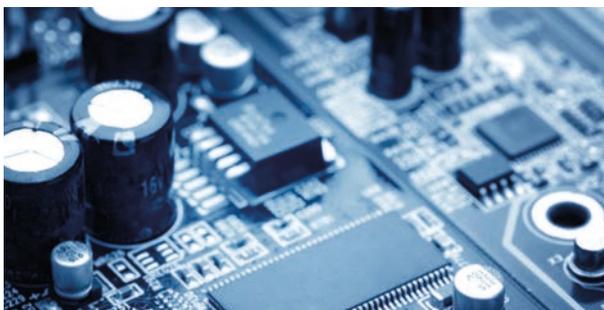
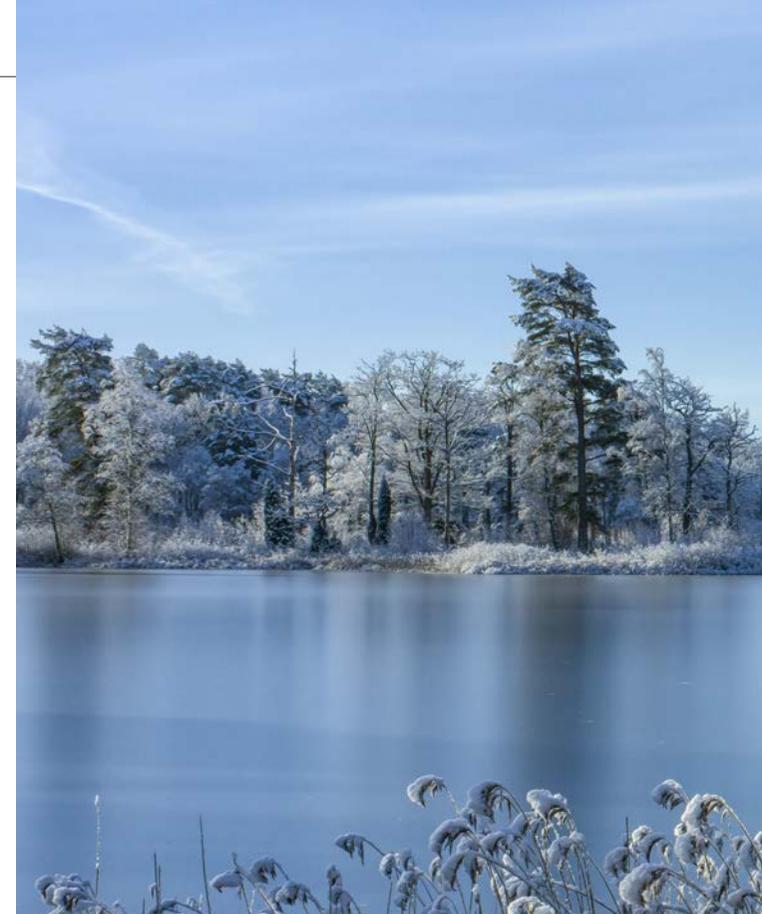
FACTS ABOUT SAN ELECTRO HEAT

Since the 1950s, the company has been developing and producing products for technical heating within a broad portfolio ranging from domestic products to railway systems. NIBE Group acquired the company in 2001.



ENERGY EFFICIENCY IN MANY SECTORS

We are at the forefront of technological development so we can continue to be a key partner in a world of constantly increasing technology content and perpetual specialization. Our offers can be divided into several product groups where the product is sold either as a component or as a more complete system.



ADVANCED TECHNOLOGY

Solutions for highly specialized, demanding areas of expertise such as frequency converters, medical equipment/laboratories, electronics, the semiconductor industry, defense and industrial robots, all with their specific specifications and rules.



INDUSTRY/PROJECTS

Customized design and construction, but also complete solutions, including installation and commissioning of control and associated control panels. Also a wide range of standard components for electric heating, measurement and control.



TRANSPORT

Intelligent solutions for the railway sector for both infrastructure and rail-based vehicles. A wide range of components for the automotive industry, including electric and hybrid vehicles. Products for electric heating also within the aviation industry.



ENERGY/ENVIRONMENT Products for renewable energy production, such as electric resistors for wind power that improve the power supply quality and result in shorter interruptions in the grid without the need to shut down the turbine.



HOUSEHOLD APPLIANCES

A complete range adapted for large-scale bulk production of solutions for heat generation and control for domestic and household appliances.



HEATING/COOLING/VENTILATION

Includes converters and soft start relays that increase the service life of electric motors by protecting them from sudden loads. Heat exchangers, which are a key component for heat pump efficiency. Flow-through heaters for peak load and security.



COMMERCIAL EQUIPMENT

Customized solutions but also standard components based on various techniques such as thick film, vacuum brazing and heat pump modules, all adapted to international regulations and standards. Example of uses are equipment for professional kitchens and the refrigeration industry.

ENERGY CONTROL IN MANY SOLUTIONS

NIBE Element is a quality supplier that offers a wide range of components with long life and intelligent solutions for heating and control for optimal energy consumption. The offering is aimed at several market segments ranging from producers of highly specialized industrial systems to producers of consumer products.

We are steadily expanding our product program to include more technologies. We also offer measurement and control options, as well as tests and simulations in customers' product development processes.



FOIL ELEMENTS

Foil elements are used, for example, as defrosters in vehicle wing mirrors and camera systems.



THICK FILM ELEMENTS

For heat generation in electric kettles, exhaust emission control, copiers and irons.



HEAT PUMP TECHNOLOGY

Heat pump modules that cool, heat and dehumidify in hot and humid premises, for example, in professional kitchens or laundries.



CERAMIC ELEMENTS

Ceramic heating elements are placed inside a tube and can, therefore, be easily replaced without needing to empty the tank or container in which the element is located.



CONTROL EQUIPMENT

Electronics with processor power and embedded software that can also be connected for remote control and monitoring.



PTC ELEMENTS

For rapid heat generation in car heaters, towel rails, air dehumidifiers, air heaters and dryers.



HEATING JACKETS

Flexible elements that are sewn into synthetic textile for wrapping around vessels or pipes to maintain temperatures at a constant level in gases and liquids in, for example, the semiconductor industry.



TEMPERATURE SENSORS

For industrial control and measurement in the semiconductor, solar energy, medical and space industries.



INFRARED HEATERS

Used to heat specific objects and not the surrounding air, for example car headlights.



TUBULAR ELEMENTS

Used, for example, in heating fans, ovens, infrared heaters, water heaters, dishwashers, washing machines and process heaters.

BUSINESS AREA NIBE STOVES



MAESTRO 3, LOTUS HEATING SYSTEMS

Energy-efficient stoves for various heating needs and design requirements. Increasing the exchange of old stoves for new ones with our modern technology has an immediate positive effect on the environment.

STILL IMPORTANT TO SEE THE STOVE BEFORE BUYING

Our operations

The business area operates on the consumer durables market. Consumers' buying decisions tend to be emotional as well as rational, as a stove is not just a functional item but using it is also an experience. The buying process is, therefore, important to consumers. People like to be able to see and touch the stove, preferably also feel the warmth of the burning fire, but at the same time customers of today have generally read up much more on products on digital channels before visiting the store to make a purchase decision.

Brand names matter most to dealers and installers but are somewhat less important to consumers, who usually choose a model based on taste. To remain an interesting partner, we work consciously on deepening our relationships with dealers. Together, we attract end consumers with our products and our store concept in the dealers' exhibitions.

The market is fragmented with mostly regional suppliers. A contributing factor is regional stove preferences in terms of appearance and the fuel used, i.e. wood, pellets, gas or electricity. Our main markets are in Europe, North America and Australia.

The addressable market for NIBE Stoves is estimated at approximately SEK 50 billion in these markets.

Wood, gas, pellets or electricity

The three major energy sources for stoves are wood, gas and pellets. Traditional wood burning dominates the market in Europe overall. A fourth category is the electric stove, which resembles a wood-burning stove with natural flames that are generated using electricity. Wood-burning stove products are available on all markets and have the highest volume.

Wood-burning stove products vary depending on the market. In North America, they are mainly targeted to cope with extensive heating needs and must have long burn times. The products are fired with many large logs, while in Europe they are made for smaller logs in smaller volumes.

There is a strong tradition of using gas in the UK, Ireland, the Netherlands and North America because there are extensive gas supply networks, with the result that gas-fired stove products are popular.

The Italian market is dominated by firing with pellets, and France has also become a large market for pellet products. The products often constitute a supplementary heat source during cooler periods of the year.

Electric stoves are used where it is not possible to install a flue gas duct. They are primarily decorative but can also emit heat if they are fitted with elements.

Market drivers

- Economic conditions and developments in disposable income.
- External uncertainty, when the safety and comfort of home is prioritized.
- Interior design trends.
- Developments in the property market, where the degree of new construction and price trends and turnover of properties on the market is often directly related to renovation tendencies.
- Seasonal variations and weather conditions before and during the fall/winter season.
- Supplementary heat source for longer power outages.
- Energy price trends, both the prices of fossil fuels such as oil and natural gas and electricity prices. Higher energy prices offer an incentive to buy supplementary heating products.
- Environmental requirements for new lower limits on hydrocarbon and particulate emissions.
- Policy decisions on the phasing out of older products in favor of new, more environmentally friendly products.

BUSINESS MODEL NIBE STOVES

Own subsidiaries

We are well represented in all our main markets through our subsidiaries and cooperate closely with our retailers in each market, a prerequisite for being able to reach the end customers.

Sales channels

Our products reach our end customers via a well-developed network of retailers, usually without any intermediary. The retailers display our products and offer a high level of service compared with builders' merchants, which primarily focus on low-cost products, a segment where we have only a minor presence. Spare parts and accessories are increasingly sold online.

Marketing

Decisions to purchase our products are largely based on how customers experience them. Consequently, in-store displays are an important marketing channel, and much of our marketing resources are spent on displaying our products in store. Other channels are digital marketing, interior design publications, social media and local consumer shows.

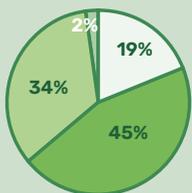
BUSINESS FOCUS

We supply the market with world-class solutions in sustainable energy by offering energy-efficient stove products in attractive designs as well as chimney systems, all developed and manufactured with minimum environmental impact.

BUSINESS OBJECTIVE

Our objective is to supply a wide and complete range of stove products in order to confirm and consolidate our position as the market leader. Expansion abroad will be supported by the continuous development of products tailored to new markets. This will be combined with moves into new markets through acquisitions, the establishment of new subsidiaries or the use of other existing sales channels.

Geographical distribution of business area's sales



- Nordic countries
- Europe (excl Nordics)
- North America
- Other markets

STREAMLINED ORGANIZATION IN MARKETS WE KNOW WELL

2024 has been a year of large fluctuations, starting with large retailer inventories that were gradually whittled down and sharp reductions in our costs in connection with the action plan. At the same time, we have rationalized our organization and enter the new year with streamlined costs and a clear customer focus in all our markets.

The financial year was yet another year that was unlike any other since the years before the pandemic. The year was characterized by retailers in the majority of the business area's markets selling and installing products from inventory after the large inventory build-up that was carried almost throughout 2023. The background is familiar. The large demand for stove products from consumers had created a shortfall in stoves in both Europe and the USA. Retailers built up inventories in order to be able to meet the large spike of orders for installations that followed the renovation fad and the

desire to have an extra source of heating as a spare source of energy in case of shortages of oil, gas and electricity, or sharp price rises in those fuels. The spike was followed by a lull when, at short notice, interest rates increased, renovations were put on hold and new construction stopped.

Challenging, but brighter

The market for the entire stove heating sector remains challenging but the final quarter of the year just ended showed signs of an increase in demand in North America, while the decline in the European market was significantly smaller than at the beginning of the year. We note that inventories at our retailers have returned to acceptable levels and we expect implemented and maybe even expected further interest rate cuts in Europe in particular will act as a stimulus for renovations and new construction. The decline in sales from manufacturers to retailers has bottomed out thanks to the inventory reductions that have been carried out and we now predict a healthy return to a historical market dynamic and seasonal pattern of higher sales in the fall and significantly larger market activity in the spring.

TARGETS

GROWTH TARGET

We shall achieve growth of at least 20% annually, of which half is organic.

In 2024 the total decline was -18.8% (+18.6%), of which -19.8% (+2.3%) was organic. This means that organic growth was 22.1 percentage points lower than in 2023. Growth has been 9.1% on average over the last five years.

OPERATING MARGIN TARGET

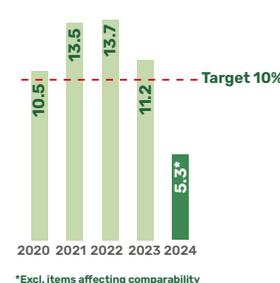
Operating profit shall be at least 10% of sales over a business cycle.

Operating profit in 2024 was 3.7% (11.2%) of sales. This means that the operating margin decreased by 7.5 percentage points compared with 2023. Adjusted operating profit for the year totaled SEK 203 million, corresponding to an operating margin of 5.3%. The operating margin has been 10.5% on average over the last five years.

Objective fulfilment
Growth (%)



Objective fulfilment
Operating margin (%)



*Excl. items affecting comparability

Contura AB as an independent subsidiary

Contura AB, formerly an integrated part of NIBE’s operations in Markaryd, was spun off into an independent company within the business area during the financial year. Contura, which is our largest Nordic stove brand, will this be as independent and play as effective a role as other wholly owned subsidiaries and brands in the Group. Thanks to its new organization, Contura AB is in a stronger position and has more freedom to create growth in markets outside the Nordic region.

A smaller bolt-on acquisition

At the end of 2024 we carried out a small acquisition of the assets of Trent Fireplaces of the UK, which manufactures traditional British fireplace surrounds for electric stoves. The operations have been integrated into CK Fires, which focuses exclusive on electric stoves and has its own production in the UK.

Market and sales in focus

With leading trademarks in every category and solid resources for marketing and sales, NIBE Stoves is well prepared for the peak season. Marketing

activities further strengthen the relationships with retailers and our brands’ premium positions, at the same time as the visibility to end customers is prioritized in both traditional channels and via digital initiatives and PR.

Action plan implemented successfully

The action plan has been implemented in full in the business area. This primarily consisted of reducing the number of employees in production, distribution and administration by a few hundred people. At the same time, we consolidated operations, which can now be run more efficiently at a lower cost, and implemented operational rationalization measures in several of the business area’s subsidiaries. The departments for product development, marketing and sales were left more or less untouched to have the strength required to penetrate the market when demand returns.

Return to historical margins

The aim is to return to an operating margin within the business area’s historical range of between 10% and 12% in 2025.

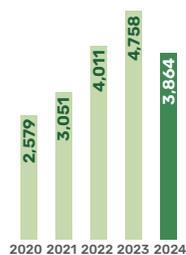


NIKLAS GUNNARSSON

Head of business area
NIBE Stoves

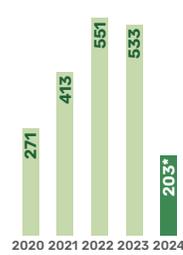
2024

Net sales (SEK m)



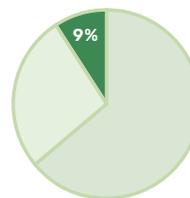
Net sales decreased by 18.8% compared with 2023.

Operating profit (SEK m)

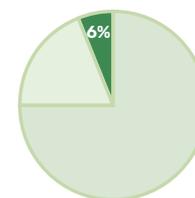


*Excl. items affecting comparability

Net sales
Percentage of Group



Operating profit
Percentage of Group



Adjusted operating profit decreased by 73.2% compared with 2023.
Adjusted operating profit accounted for 6% of the Group’s operating profit.

“ We now predict a healthy return to a historical market dynamic and seasonal pattern of higher sales in the fall and significantly larger market activity in the spring.

NIBE STOVES – PRODUCT DEVELOPMENT AND PRODUCTION

DEVELOPMENT OF STRONG BRANDS

Product development, with a focus on performance and design, is ongoing and is essential for our future growth and development. Our various brands have completely independent product development departments that are governed by our shared guidelines on the environment and sustainability. This helps retain each brand's distinctive character and gives our customers great freedom of choice.

Knowledge about technology for efficient combustion is exchanged regularly and naturally within the business area. This allows us to retain the flexibility we desire, while responding to regional product requirements and trends. Registration of designs is important.

In addition to the production of new models based on existing technology, we have continuously invested significant resources in developing combustion technology to meet the demands of future consumers. We have also intensified our efforts to find solutions for a commercially viable solution with minimal particulate emissions. Among other things, this has resulted in the launch of the model Contura Zero, in which particulate emissions have been almost completely eliminated.

The business area invests around 2.5% of sales in product development annually.

Our product development can be divided into three areas:

DESIGN is essential to overall perception and may often be what determines whether a customer chooses one product over another. A stove product must match the style of a home with the right appearance and proportions. It should also be possible to see the fire through large glazed areas from as many angles as possible.

COMBUSTION TECHNOLOGY is a very important area as all combustion entails some level of emissions with an impact on our environment and health. Efficient combustion is an important part of our responsible approach to producing sustainable products, and we constantly employ significant resources to develop the best possible technology.

FUNCTION is important as stove products need to be more than just beautiful. They need to heat homes. They must be reliable, safe, easy to install and easy to use. Therefore, we have both the compo-

nents and the complete product thoroughly tested before a new product is released onto the market.

Better performance than current statutory requirements

We design and manufacture our products based on directives such as Ecodesign, REACH and RoHS. Our products usually perform better than the existing statutory requirements and our ambition is always to anticipate more stringent future requirements.

As new modern stoves have considerably higher efficiency and lower particulate emissions than older products, replacement has an immediate positive impact on the environment.

Our production units

NIBE Stoves has its own production plants in Sweden, the UK, Poland, Canada and Portugal.

Most of our products are made in Sweden and sold all over Europe. The Swedish production facility is largely robotized and flow-optimized, making it one of the most efficient in our industry. We have come a long way in terms of both high quality and productivity, and we keep our environmental impact and energy consumption at low levels.

The Canadian companies Regency and Pacific Energy have corresponding complete production facilities for the production of their brands. The subsidiary Miles Industries, which sells its products under the Valor brand, has a small production facility earmarked solely for the assembly of gas-fired products.

For the past few years, the manufacturer Solzaima has had a cutting edge production facility in Portugal for the production of pellet-fired and wood-fired stoves.

In the UK, the subsidiary Gazco manufactures its gas-fired



CONTURA ZERO

products in its own facility, while wood-burning products under the Stovax brand are produced at carefully selected sub-suppliers. The British company evonicfires also has its own production unit in the UK for electric stoves.

Concrete surrounds, fireplace materials and heat-retaining products are manufactured in our plant in Poland. This unit mainly supplies our own brands with components, but it is also a supplier to other manufacturers in the industry.

Measures to boost productivity and quality are implemented continuously. We also invest long-term to achieve higher resource efficiency and an improved working environment.

In 2024, investments of SEK 159 (282) million were made in our operations.

EVONICFIRES HAS DEVELOPED ITS FLAME TECHNOLOGY

Evonicfires' new electric stove, Genesis, redefines the standard for electric stoves by combining advanced holographic technology with top-of-the-range design and advanced functions. The stove's 4K holographic displays deliver a very realistic flame effect.

It is easy to control the fire via a digital app or a new remote control. It can also be connected to voice control via Amazon Alexa and Google Assistant.

FACTS ABOUT EVONICFIRES

The trademark evonicfires is part of the company CK Fires and has been developing and producing electric stoves since 2010. NIBE Group acquired the company in 2018.



PRODUCTS FOR HEAT, COMFORT AND SECURITY

Our continuing product development, with an emphasis on performance and design, enables us to offer customers a wide range of options – from freestanding stoves to outdoor fire solutions. These products enable cost savings and energy-independence, while bringing comfort and warmth, and generating a cozy ambience that makes any home feel more inviting.



FREE-STANDING STOVES

A free-standing stove is easy to install and place in most homes. Available for wood, gas, pellets or electricity.



HEAT-RETAINING PRODUCTS

A heat-retaining fireplace is very heavy and has the ability to retain a lot of heat for a long time. The most common materials are concrete, stone or tile. Only available for use with wood.



OUTDOOR FIRE PRODUCTS

A fireplace for outdoor use creates a cozy outdoor environment. Primarily for use with wood or gas.



CONTURA I41AA



INSERTS

Inserts are often integrated into the interior design of the home and placed against a wall. Primarily for use with wood, gas and electricity.



CHIMNEY SYSTEMS

The most common chimney systems are made from stainless steel flue pipes covered with an insulating material.



WOOD-BURNING INSERTS

A cassette stove is often installed in open fireplaces to increase heat output and improve efficiency. Primarily for use with wood, gas and electricity.



ACCESSORIES

All types of stoves come with a very large range of accessories.

BRANDS IN THE GROUP

NIBE CLIMATE SOLUTIONS



NIBE ELEMENT



NIBE STOVES



SUSTAINABILITY REPORT

2024



464,669
tonnes of carbon dioxide

We are reducing customers' emissions

A reduction in emissions of greenhouse gases is essential if the ambitions of the Paris Agreement and the Group's sustainability strategies are to be met. One of the most important things we can do to realize this ambition is to reduce our customers' emissions.

Reduction of 464,669 metric tons of carbon dioxide Based on the cuts in emissions from the type of heating systems our heat pumps replaced in the respective markets in 2023 alone, the reduction was 463,963 metric tons of CO2 in that year.

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GLOSSARY

- BP** Basis for preparation of sustainability statement and disclosures in relation to specific circumstances.
- GOV** The processes, controls and procedures used to monitor, manage and oversee impacts, risks and opportunities.
- IRO** The process(es) used by NIBE to identify impacts, risks and opportunities and assess them for materiality, and to manage material sustainability matters by means of policies and actions.
- SBM** How NIBE's strategy and business model interact with our material impacts, risks and opportunities, including the strategy for managing them.

GENERAL DISCLOSURES

ESRS 2 GENERAL DISCLOSURES

BASIS FOR PREPARATION

BP-1 General basis for preparation of sustainability statements

This sustainability statement has been prepared in accordance with the requirements of the Corporate Sustainability Reporting Directive (CSRD). All datapoints included in the following sections have been assessed as material according to our double materiality assessment, see pages 69–74.

The sustainability statement is consolidated according to the same principles as the financial statements. The consolidated, quantitative datapoints therefore comprise only the parent company, NIBE Industrier AB, and subsidiaries controlled by NIBE Industrier AB. However, in contrast to the financial reporting, companies that have been acquired or disposed of during the year are not included in this report.

NIBE Group's entire value chain, which includes both direct and indirect business relationships in the upstream and downstream value chain, is covered by this report.

BP-2 Disclosures in relation to specific circumstances

This report uses two different definitions of short-, medium- and long-term. The double materiality assessment uses the time horizons defined in ESRS 1^a but the climate scenario analysis uses the definitions 1–5 years, 5–10 years and 10–30 years.

The calculation of NIBE Group's indirect (Scope 3) greenhouse gas (GHG) emissions has required the Group to estimate emission volumes linked to certain items or to calculate these using measurements involving significant uncertainty. The reason for this is the lack of high-quality data. This applies to the total Scope 3 emissions and all reported categories, primarily category 3.1 Purchased goods and services and 3.11 Use of sold products.

- Category 3.1 emissions have primarily been calculated by multiplying the volume of materials and components by general factors for this type of material.
- Category 3.11 emissions have been estimated using general assumptions about the kind of energy used by our customers when using our products. The calculations assume that the electricity purchased by our customers is in line with the general electricity mix for each country. If our customers were to purchase fossil-free electricity, the emissions in this category would be significantly lower.

In 2025 we will continue to work towards reducing the use of estimates and reducing measurement uncertainty by improving the quality of the information used for these Scope 3 categories.

With effect from 2025, NIBE Group will be subject to the new EU Corporate Sustainability Reporting Directive (CSRD) and we therefore need to change the way we work out and present sustainability information in order to meet the requirements of the European Sustainability Reporting Standards (ESRS). The

following bullet points show the main changes compared with previous reporting periods:

- Our 2024 sustainability report marks a change in our reporting. For the first time, we have carried out a double materiality assessment and included all material sustainability disclosures from the CSRD and the associated ESRS.
- Reporting is based on the outcome of our double materiality assessment.
- Reporting is in line with ESRS topics identified as material matters.
- Our entire value chain, including upstream and downstream activities, is included in reporting.
- The sustainability information is included in the administration report.

It is NIBE's intention to report in accordance with the sustainability reporting requirements of CSRD and ESRS in this report. However, 2024 is our first year of reporting in accordance with the new legislation, which means reporting is not yet complete and not all requirements are met. This report meets the requirements for reporting of sustainability data in accordance with the GHG protocol and TCFD and also meets the requirements of the Swedish Annual Accounts Act for preparing sustainability reports.

^a (a) Short-term time horizon: the period adopted by the undertaking as the reporting period in its financial statements. (b) Medium-term time horizon: from the end of the short-term reporting period defined in (a) up to five years. (c) Long-term time horizon: more than five years.

GOVERNANCE

GOV-1 The role of the administrative, management and supervisory bodies

BOARD OF DIRECTORS AND MANAGEMENT

The Annual General Meeting (AGM) is NIBE's highest decision-making body. The AGM determines the number of Board members and elects the Board members and auditors. The AGM also adopts the accounts, makes decisions on dividends and other appropriations of profits/losses, and discharges the Board of Directors and CEO from liability.

The Board of Directors comprises six members, who are appointed by the AGM. The Board is both an administrative and supervisory body and is ultimately responsible for the development and follow-up of strategies and internal control processes.

With the exception of the Managing Director, who is also the CEO, none of the Board members is employed by the company or has any operational responsibility in the company. All Board members with the exception of the Managing Director should therefore be considered to be independent of the company, which means the percentage of independent members is 85% (6/7). All Board members have the right of decision. Employee representation exists in most of the Group's Boards, but not in the parent company's Board.

Group management consists of the Managing Director, the CFO, the Communications and Investor Relations Manager and the heads of business areas. The Sustainability Council is responsible for the management of sustainability efforts. The Sustainability Council consists of the sustainability team, the Managing Director, the CFO, the Communications and Investor Relations Manager and the heads of business areas. The sustainability team comprises the Sustainability Manager and the Group's sustainability controllers.

The Board of Directors elected by the 2024 AGM comprised Hans Linnarson (Chairman), Anders Pålsson, Eva Karlsson, Eva Thunholm, Camilla Ekdahl and James Ahlgren, as well as Gerteric Lindquist, Managing Director and CEO. This means that women account for around 43% (3/7) of the Board elected in 2024. The corporate governance report on pages 182–185 describes the composition, appointment and working methods of the Board of Directors. As is the case with other parts of the NIBE organization, management and the Board are subject to the company's policy on diversity of the Board.

RISK MANAGEMENT

To counteract the effects of the various business risks facing the company, NIBE takes a systematic, proactive approach. The common framework and the NIBE Internal Control Standard (NICS) tool were created to secure the process for risk management and facilitate ongoing efforts. In accordance with NICS, the process starts locally and is finally added up at Group level. Risks and opportunities are divided into four sections: Business, Finance, IT and Sustainability.

Identified risks are classified according to the probability that a risk materializes and how the criteria are met, after which action plans are drawn up. The outcome is evaluated annually at Board level, after which decisions are taken concerning issues that should be given special priority in the different areas.

NIBE's business risks are managed locally at the company level and are coordinated if deemed necessary. The tools consist mainly of the companies' current reporting, risk assessment, risk management and action plans. Financial risks are managed in accordance with the Group's financial policy and manuals governing annual accounts, system access, authorization routines and system changes. Sustainability and IT risks are largely coordinated at Group level, but risk assessment and action plans are prepared and implemented locally by each company's Board. These risks are managed in accordance with our values and guidelines. During the year we continued our work on development of risk scenarios at Group level.

Monitoring occurs through a minimum of four annual board meetings in all companies, as well as through several internal control audits at the companies.

To minimize risk impact, a crisis management program is also in place, with routines and policies for the local companies that cover the risk areas identified in the risk assessments. In the event of major incidents that may affect the Group as a whole, the Group's crisis organization including the Board of Directors must be informed and assess how to manage the incident.

The majority of the areas identified as material by NIBE, further details of which are presented in section SBM 3, are included in NICS.

ROLES, RESPONSIBILITIES AND QUALIFICATIONS RELATED TO RISK MANAGEMENT

Responsibility for long-term and overall risk management follows NIBE's organizational structure.

More specifically, the roles related to the risk management process are divided as follows:

- The CEO and Group management for NIBE are responsible for overall internal control and for implementing NICS (NIBE Internal Control Standard) at Group level.
- The heads of business areas are responsible for ensuring that the required process is in place in their respective business areas, which in turn means that all local Boards apply the process to each lower-tier subsidiary.
- The local Boards are responsible for ensuring that NICS is implemented in their companies and, where applicable, lower-tier subsidiaries. In addition, local boards must ensure that additional national requirements are met.
- The local management is responsible for internal control in its operations and owns the action plans for reducing risks within its individual areas of responsibility.

NIBE's Board has the ultimate responsibility for ensuring that risks are managed and that sustainability initiatives comply with the requirements of authorities, shareholders and other stakeholders. The heads of the business areas are responsible for communicating and implementing their strategic work at the local board level. Setting of goals, and their follow-up, is communicated to the sustainability team by the Group management.

Ensuring that the Board has the correct qualifications and expertise, irrespective of topic, is ensured according to a previously established principle. The company's diversity policy for the Board of Directors sets out that NIBE's Board of Directors must have skills and experience that are appropriate to the business, as well as the expertise to be able to identify and analyze opportunities for and risks to the Group.

GOV-2 Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies

NIBE's Board is ultimately responsible for ensuring that sustainability efforts support the business strategy and comply with the requirements of authorities, shareholders and other stakeholders. The Board is also responsible for developing and monitoring the company's strategies through policies, plans and objectives, decisions on acquisitions, major investments, appointments to managerial positions and the continual supervision of operations during the year. Policies must be reviewed and revised at least every 3 years or as needed.

The Sustainability Manager is responsible for the work at strategic level and reports on sustainability matters to the boards at Group and business area level in connection with strategy meetings and similar occasions.

The Sustainability Council regularly follows up outcomes, assesses risks, opportunities and due diligence and takes decisions on the continuing sustainability efforts. Much of the work is regulated in national legislation, such as environmental laws and labor law. In addition, NIBE is governed by voluntary commitments such as the OECD, the UN Global Compact and the UN Sustainable Development Goals/Agenda 2030.

The Group's Sustainability Manager reports directly to the CEO and the Sustainability Council and suggests sustainability strategy and goals. In addition, the Sustainability Manager and the CFO provide information on the Group's compliance with the company's values, policies and guidelines. In order to ensure awareness of values and policies, all employees receive information on NIBE's values in connection with onboarding. Values and all policies are also available on NIBE's intranet. The values and most of the policies have been translated to many different languages to make them more easily available to employees and other stakeholders. The values and a large number of policies are also available on the website NIBE.com. The CEO together with senior management at each subsidiary are responsible for implementing both values and policies.

See SBM3 for a summary of the material impacts, risks and opportunities that were addressed during the reporting period.

GOV-3 Integration of sustainability-related performance in incentive schemes

Sustainability-related factors are not included in any remuneration to members of the administrative, management or supervisory bodies or in any incentive schemes, but may occur in the Group's subsidiaries.

GOV-4 Statement on due diligence

NIBE Group has well-established due diligence processes that integrate environmental and financial aspects in the mapping of new acquisitions. Processes are in place for suppliers, own operations and customers. We are continuously working to improve and implement these processes.

Parts of the processes required to assess risks relating to social aspects such as human rights and parts of labor rights are missing when it comes to new acquisitions. For major investments (investments approved by NIBE's Board) a local due diligence process relating to the environment is partially in place, but it needs to be supplemented with social aspects to provide more complete information for decisions. A process will be developed to ensure that the Board is given the decision and information inputs required to be able to assess the risk of environmental and social impacts in connection with major investments such as the construction of a new facility.

Producing companies are evaluated on an ongoing basis by means of sustainability visits every few years. Sustainability visits are arranged in order of priority based on risk area, company size, etc., which means that return visits are sometimes prioritized before visits to newly acquired companies. At the time of writing, visits have been made to 78% of the production facilities of the companies covered by sustainability reporting. In addition to sustainability visits, the due diligence process also includes continuous sustainability reporting, energy mapping and communication with companies.

NIBE also takes into account international, national and/or regional legislation and regulations where trade sanctions have been introduced and affect sales, delivery and exports of NIBE products, services and technical data globally. This is set out in more detail in our Trade Compliance Policy, which among other

things establishes when screening of cooperation partners is required.

For a detailed description of the due diligence process for suppliers, see ESRS S2

GOV-5 Risk management and internal controls over sustainability reporting

To minimize risks and ensure good internal control over sustainability reporting, NIBE uses a risk assessment method (NICS), which is described in more detail in GOV-1.

We have appointed managers responsible for each material area and are taking a systematic approach to the work based on a reporting standard to ensure understanding of the kind of data that should be collected. The information is collected via the Group's reporting system Worldfavor. The sustainability team is responsible for ensuring the quality of the reported input data by means of various control measures.

To safeguard regulatory requirements and ensure that our reporting complies with current provisions, laws and regulations, we carry out reviews of legislation on a regular basis and receive support from specialists and lawyers with regard to interpretations and scope.

We use a template for the double materiality assessment and our process for evaluation of our material areas is well documented.

In future we will also increase the frequency of random sampling of the reporting inputs of local companies to improve quality and ensure that the reported input data is of high quality.

STRATEGY

SBM-1 Strategy, business model and value chain

NIBE is a global player with a presence in several international markets, including the Nordic countries, Europe and North America. Our products are mainly aimed at the following customer categories: private individuals looking for sustainable heating solutions for their homes, commercial property owners and industrial customers within manufacture and infrastructure. Our entire business is classified within the "Machinery & Equipment" sector, and total revenue in this sector is the same as the Group's total revenue. NIBE's business model is based on developing our product portfolios to actively contribute to the transition to increased renewable energy technology and improved energy efficiency.

NIBE has an international presence and has operations in several continents. Our revenue primarily comes from the sale of products, while costs are predominantly related to purchases of materials and components, as well as personnel costs.

Our key resources, which contribute to our value creation, are our employees, materials in the form of metals and plastics, and electronic components. The products are designed, processed and assembled at our facilities, where we also carry out surface treatment prior to distribution. Distribution primarily takes place via wholesalers, B2B or directly for installation in properties.

We rely on close collaboration with key actors in the value chain, including industrial partners, OEM, installation companies, structural engineers and specialized trade, for the delivery of the majority of our solutions. These collaborations play a central role in ensuring our products reach the market.

We provide innovative indoor climate and industrial heating solutions through the three business areas listed below.

NIBE Climate Solutions: Energy-efficient and intelligent products that increase climate control, improve indoor climate and enables efficient heating of hot water. Our solutions contribute towards reducing the energy consumption and climate impact of properties without compromising on comfort.

NIBE Element: An industrial partner that supplies customized components and intelligent solutions for heating and control. Our product groups promote energy efficiency, optimize energy consumption and reduce the carbon footprint.

NIBE Stoves: Energy-efficient stoves that meet different heating needs and design requirements. By replacing older stoves with

modern alternatives, we significantly reduce our environmental impact.

There were no material changes in the year in respect of our products, markets or customer groups. NIBE's products and services are allowed in all the markets where we have operations and we ensure that our operations always comply with relevant requirements and regulations.

STRATEGIES RELATED TO SUSTAINABILITY TOPICS

Our long-term strategy focuses on supplying the market with world-class, sustainable energy solutions, which has a positive impact on societal energy efficiency and contributes to the transition to a more sustainable society and reduced climate impact. We support the UN's 17 sustainable development goals (SDG) in Agenda 2030 in their entirety and have chosen to focus more on seven of the goals that are clearly linked to our goals and action plans and that we believe we can influence.

A fundamental aspect of our business strategy is to ensure good working conditions for our workforce, enabling our employees to continue working at NIBE for a long time. We do this by introducing a health and safety management system at all our Group companies. It is also of strategic importance to minimize our own climate impact and support our customers in reducing their GHG emissions, which has a direct positive impact on mitigating climate change. As part of our strategy, our goal is for a significant portion of our turnover to come from products classified as lower-carbon economy (LCE) (see ESRS E1). Our other goals cover the entire business and include all employees.¹

SUSTAINABILITY-RELATED CHALLENGES

One of the biggest challenges involved in achieving a global sustainable society is to reduce GHG emissions and slow down the current rate of climate change. There is international awareness of how climate change, which causes natural disasters and extreme

weather conditions, is threatening our living conditions, biodiversity and political stability in society. This creates uncertainty for societal decisions on sustainability-related activities and affects us as a company. For us, reducing our own GHG emissions is therefore a key aspect and a challenge that we have assumed by, for example, conducting energy mapping on a regular basis and implementing efficiency-enhancing measures that continuously improve our business processes.

NIBE has a long and complex value chain, which can make it difficult to ensure that there is no material impact on people and the environment. For a clearer picture of our climate impact in the value chain, we are working on improving the reliability of our Scope 3 calculations. By strengthening data collection and analysis methods, we are able to get a more exact and comprehensive picture of our indirect emissions in the value chain.

Future legal requirements regarding substances mean that alternative materials and substances need to be developed to meet sustainability requirements, without resulting in new problems in the value chain or significantly increasing the cost of our products. The challenge comes from the fact that this material development is taking place within our value chain, where our direct influence is limited. We are therefore working closely together with our suppliers and partners to ensure that the development being conducted is aligned with our sustainability goals.

We also strive to promote a circular value chain. Factors stopping us from achieving our ambitions within the next few years are that access to low-cost, high-quality recycled and reused material is limited and that many countries where we operate do not have sufficiently well developed systems for recycling and reuse.

VALUE CREATION FOR STAKEHOLDERS

Our intelligent and energy-efficient solutions contribute to our customers being able to reduce their energy consumption, while health and safety at work and reduced risks of work-related injury improve our employees' commitment, health and productivity. We ensure good and healthy working conditions by collaborating with our suppliers and requiring compliance with our Code of Conduct.

We focus on innovation and development of products that strengthen our competitiveness and contributes to global climate goals. We create long-term value for our shareholders by prioritizing sustainable energy solutions, increased energy efficiency and profitability.

¹ See number of employees ESRS S1.

VALUE CHAIN

NIBE's business operations are based on strong relationships with suppliers, distribution partners and end-users, with sustainability and energy efficiency as core elements. Long-term collaborations enable us to ensure quality and delivery reliability throughout the value chain. Below is an illustration of NIBE's value chain.

MAIN BUSINESS ACTORS

Key suppliers

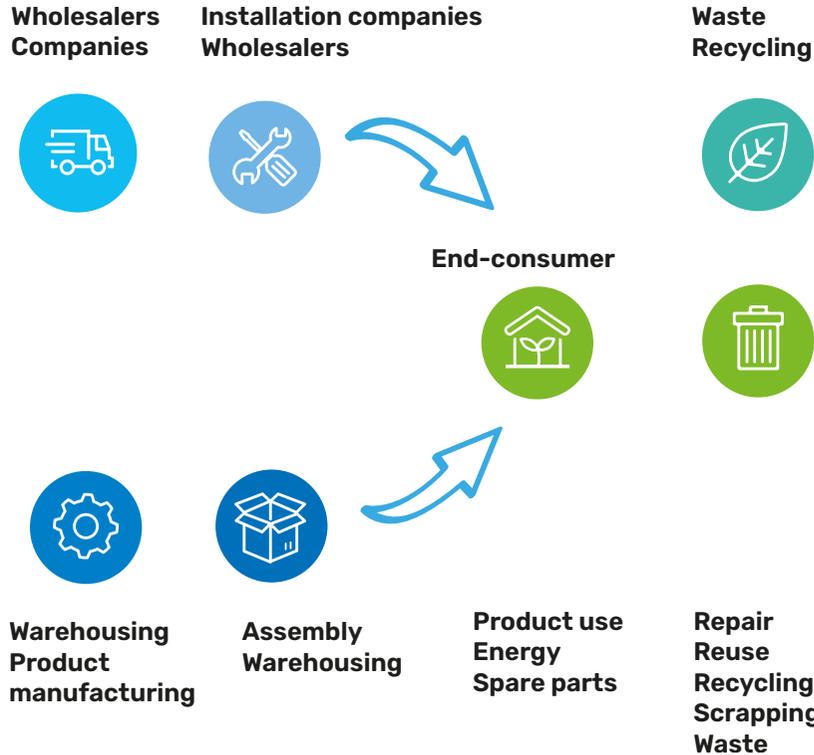
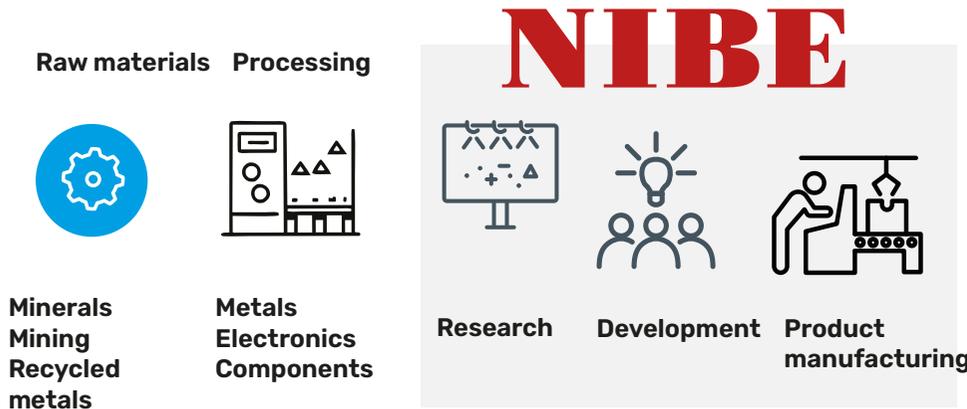
NIBE has a global network of suppliers who meet our requirements in respect of quality, delivery reliability and sustainability.

Distribution channels

Retailers, wholesalers and direct sales to major customers.

End-users

Private individuals, commercial property owners and industrial customers within manufacture and infrastructure looking for energy-efficient heating solutions.



STRATEGY

SBM-2 – Interests and views of stakeholders

In 2016, NIBE carried out the first extensive stakeholder dialog with a selection of external stakeholders.

In addition to sending a targeted survey to around 300 representatives of various stakeholder groups, we conducted several interviews and compiled data from internal experts within the Group. We then supplemented this data by continuously gathering information in connection with spontaneous communication with the various stakeholder groups, at face-to-face meetings or through questionnaires.

We see a greater interest in sustainability from analysts, banks and funds, as well as from research institutes and universities. During the year we have received questions from these groups about e.g. circular economy, climate and gender equality. In addition to the usual surveys, interviews or visits are often requested. The topics include inputs in our products, the introduction of new technology in the products due to new regulatory requirements, and also our approach to diversity and human resource management. We also receive questions from our customers relating to the sustainability performance of our products in respect of the environment and social aspects such as carbon footprint, substances and human rights. These questions indicate matters that our stakeholders consider to be important and contribute to the underlying data used in our materiality assessment.

Table 1 shows NIBE’s key stakeholder groups, together with information on dialog method and the matters identified as material.

The purpose of our stakeholder dialog is to identify and understand the sustainability matters that are most important to our stakeholders. The outcomes of these analyses provide key inputs for the development of NIBE’s sustainability efforts, strategy and business model.

The continuous dialog enables us to adjust our strategy and strengthen our offering on a continuous basis. Examples of initiatives that have been implemented at the request of stakeholders include the development of life cycle assessments for our products, reporting according to CDP and our ambition to have our targets validated by the Science Based Target initiative (SBTi).

The insights from our stakeholders have also been analyzed and integrated into our due diligence process and our double materiality assessment, thus strengthening our efforts to meet both business and sustainability goals. NIBE’s administrative, management and supervisory bodies are informed of the relevant stakeholders’ views and interests connected to our sustainability-related areas at quarterly Board meetings.

TABLE 1 – List of NIBE’s stakeholders, how the dialog with each stakeholder is conducted and matters that are important to each stakeholder. NIBE used an assessment method in which we considered each stakeholder group based on their power, legitimacy and urgency (Mitchell et al., 1997).

	STAKEHOLDER GROUP	DIALOG METHOD	MATERIAL MATTERS
	CUSTOMERS	Surveys Business dialog Contracts	Safe products Sustainable products Business relationships
	EMPLOYEES	Employee dialog	Security Expertise
	SUPPLIERS	Surveys Business dialogs Contracts	A long-term approach Performance
	INVESTORS/ANALYSTS	Surveys Quarterly reports Face-to-face meetings	Risk minimization Return A long-term approach Climate issues
	MANAGEMENT	Sustainability council	Management by objectives Focus areas Resources
	SHAREHOLDERS	General Meeting Face-to-face meetings Management discussions	Return A long-term approach Risk minimization
	AUTHORITIES	Reports Visits/Audits Lobbying	Laws and compliance with laws Human resource management Infrastructure
	LOCAL COMMUNITIES	Local collaboration Involvement in stakeholder groups	School partnerships Sponsorships Standard committee issues

SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model

NIBE's double materiality assessment has resulted in seven material sustainability topics and 16 associated sub-topics. These topics are categorized according to the topical ESRS and are assessed as material based on impact, risk and/or opportunity.

EFFECT OF IDENTIFIED MATERIAL MATTERS ON THE BUSINESS

We see no current or anticipated effects on either our business model or strategy based on the impacts, risks and opportunities identified in our materiality assessment. However, we anticipate that we will continue to support our business model through our sustainability efforts in the coming years, which means products, processes and working methods will be developed to achieve our goals. We also believe that expectations concerning the expertise and skills of senior executives in the area of sustainability will continue to grow.

Read more about implemented or planned actions in each area of sustainability.

FINANCIAL EFFECTS OF IDENTIFIED MATERIAL RISKS AND OPPORTUNITIES

In our materiality assessment we identified three financial risks within the topics climate change and pollution and three financial opportunities within climate change that all lead to increased net revenue due to a rise in sales volume of existing products and a broader product portfolio.

O1-O3 are based on our financial target of average annual growth of 20%, which significantly exceeds the level of SEK >250 million shown in the table below. However, in our materiality assessment we did not carry out detailed assessment of expected annual growth as a result of the opportunities identified, and we therefore used the figure SEK >250 million.

RESILIENCE OF STRATEGY AND BUSINESS MODEL

Every year, we carry out a risk assessment of our business risks in accordance with NIBE Internal Control Standard (NICS), which covers all NIBE companies. As part of this process we also analyze our strategy and business model in respect of our resilience and capacity to address material impacts, risks and

opportunities in relation to climate change and the areas within sustainability assessed as material. This was carried out in accordance with the time horizons defined in ESRS 1 and in line with TCFD recommendations.

The analysis shows that our strategy and business model are robust and able to manage short and medium-term risks and that we may be able to benefit from long-term opportunities given the right investments and innovative methods. We will continue to evaluate our resilience on an annual basis to ensure that we can adapt to changes in circumstances.

CHANGES IN REPORTING

This report contains NIBE's first double materiality assessment. In the future, we expect to see minor changes to material sustainability matters as we gain greater understanding of our impacts, risks and opportunities.

MATERIAL MATTERS INCLUDED IN ESRS DISCLOSURE REQUIREMENTS

All impacts, risks and opportunities in this report are included in ESRS disclosure requirements as no entity-specific disclosures have been identified.

TABLE 2 – The current and anticipated financial effects of NIBE Group's material risks and opportunities on the company's financial position, financial performance and cash flows.

FINANCIAL EFFECTS OVER DIFFERENT TIME HORIZONS (SEK MILLION)

	Short-term	Medium-term	Long-term
(R1) Costs of higher carbon fees	–	<50	>250
(R2) Costs of moving operations as a result of heat and water stress	–	>250	>250
(R3) Increased production costs as a result of new legal requirements relating to substances and materials.	–	>250	>250
(O1-O3) Increased revenue as a result of increased demand for NIBE's products and a broader product portfolio	>250	>250	>250

TABLE 3 – Identified material impacts, risks and opportunities connected to the topical standards.

E1 CLIMATE CHANGE

Impact, risk or opportunity	Material sub-sub-topic	Description	Time horizon
CLIMATE CHANGE MITIGATION			
Actual negative impact	–	GHG emissions from NIBE's value chain, for example in connection with upstream production of material and components, in NIBE's own operations and during the use phase of NIBE's products in connection with consumption of non-renewable energy in the use phase.	Short-, medium- and long-term
Risk (R1)	–	Costs relating to carbon tax and GHG allowances rise due to changes in legal requirements (e.g. CBAM). This is expected to lead to increased purchase prices, higher taxes and potentially higher final prices to customers.	Medium- and long-term
Opportunity (O1)	–	Increased demand for NIBE's products as a result of increased focus on sustainability, higher energy prices (incl. oil and gas prices) and increased energy efficiency requirements. This benefits products that are already energy-efficient today, such as heat pumps.	Short-, medium- and long-term
Opportunity (O2)	–	Leading the way in the development of products with lower GHG emissions. Having highly skilled employees creates opportunities to refine existing products and develop new products. Potential areas are circularity, material selection and energy efficiency.	Medium- and long-term
CLIMATE CHANGE ADAPTATION			
Risk (R2)	–	Increased heat and water stress with the impact that it becomes impossible to run the affected operation in the current location. The likelihood of the risk occurring is assessed as low but the cost if it occurs is relatively high.	Medium- and long-term
ENERGY			
Actual negative impact	–	NIBE and some suppliers use a relatively large proportion of non-renewable energy.	Short-, medium- and long-term
Actual positive impact	–	NIBE's products contribute to reduced energy consumption and thus to reduced emissions.	Short-, medium- and long-term
Opportunity (O3)	–	Opportunity to broaden the energy-efficient product portfolio by developing the product portfolios of existing companies and through acquisitions. This gives us an opportunity to reach more customer groups and market segments.	Medium- and long-term

TABLE 3 – Identified material impacts, risks and opportunities connected to the topical standards.

E2 POLLUTION

Impact, risk or opportunity	Material sub-sub-topic	Description	Time horizon
SUBSTANCES OF CONCERN AND SUBSTANCES OF VERY HIGH CONCERN			
Risk (R3)	–	Prohibitions or stricter requirements regarding substances that impact our choice of material may entail increased development and material costs.	Medium- and long-term

E3 WATER AND MARINE RESOURCES

Impact, risk or opportunity	Material sub-sub-topic	Description	Time horizon
WATER			
Actual negative impact	<ul style="list-style-type: none"> • Water consumption • Water withdrawals • Water discharges 	NIBE has subsidiaries that have water use and freshwater withdrawals in water stress areas.	Short-, medium- and long-term

E5 RESOURCE USE AND CIRCULAR ECONOMY

Impact, risk or opportunity	Material sub-sub-topic	Description	Time horizon
RESOURCE INFLOWS AND RESOURCE USE			
Actual negative impact	–	NIBE and its subsidiaries use virgin resources.	Short-, medium- and long-term
RESOURCE OUTFLOWS RELATED TO PRODUCTS AND SERVICES			
Actual negative impact	–	Our products are sold in a global market and many of them have long lives. Some of the materials and components from our products are probably not recycled as well as they could be.	Short-, medium- and long-term
WASTE			
Actual negative impact	–	Some of our waste is sent to landfill without being recycled. The waste generated also includes some hazardous waste.	Short-, medium- and long-term
Potential negative impact	–	Waste in the value chain is not recycled.	Short-, medium- and long-term

TABLE 3 – Identified material impacts, risks and opportunities connected to the topical standards.

S1 OWN WORKFORCE

Impact, risk or opportunity	Material sub-sub-topic	Description	Time horizon
WORKING CONDITIONS			
Actual negative impact	• Adequate wages	NIBE has subsidiaries which pay a minimum wage that is lower than the cost of living in the region.	Short-, medium- and long-term
Actual negative impact	• Health and safety	Work-related injuries occur that result in sickness absence of at least one day, causing problems for employees as well as the company.	Short-, medium- and long-term
EQUAL TREATMENT AND OPPORTUNITIES FOR ALL			
Actual negative impact	• Gender equality and equal pay for work of equal value	Women are underrepresented on the boards and management of subsidiaries in relation to the gender distribution in the total workforce.	Short-, medium- and long-term
Actual negative impact	• Training and skills development	Not all employees receive regular performance and/or career development reviews and NIBE has relatively few training hours per employee.	–

S2 WORKERS IN THE VALUE CHAIN

Impact, risk or opportunity	Material sub-sub-topic	Description	Time horizon
WORKING CONDITIONS			
Potential negative impact	• Health and safety	It is likely that there are failures in the health and safety management system among some of our suppliers that are spread across 20 countries.	Short-, medium- and long-term
EQUAL TREATMENT AND OPPORTUNITIES FOR ALL			
Potential negative impact	• Gender equality and equal pay for work of equal value • Training and skills development • Employment and inclusion of persons with disabilities • Measures against violence and harassment in the workplace • Diversity	NIBE has suppliers in several countries where there is a high risk of discrimination of women, limited access to training for women, difficulties for persons with disabilities in finding work and a lack of measures against violence and other forms of discrimination.	Short-, medium- and long-term
OTHER WORK-RELATED RIGHTS			
Potential negative impact	• Child labour • Forced labour	NIBE has suppliers in several countries where there is a risk of child labor and forced labor occurring.	Short-, medium- and long-term

TABLE 3 – Identified material impacts, risks and opportunities connected to the topical standards.

G1 BUSINESS CONDUCT

Impact, risk or opportunity	Material sub-sub-topic	Description	Time horizon
POLITICAL ENGAGEMENT			
Actual positive impact	–	NIBE is actively working to advance regulations and research that drive development of energy-efficient and fossil-free products.	Short-, medium- and long-term
MANAGEMENT OF RELATIONSHIPS WITH SUPPLIERS, INCLUDING PAYMENT PRACTICES			
Potential negative impact	–	Risk that we are exposed to corruption or attempted corruption by our suppliers or partners.	Short-, medium- and long-term
CORRUPTION AND BRIBERY			
Potential negative impact	<ul style="list-style-type: none"> • Prevention and detection, including training • Incidents 	Risk that employees within NIBE try to influence customers, suppliers or other partners by means of bribery and corruption.	Short-, medium- and long-term

IMPACT, RISK AND OPPORTUNITY MANAGEMENT

IRO-1 Double materiality assessment process

GENERAL INFORMATION ABOUT THE PROCESS

NIBE performed a double materiality assessment in accordance with CSRD for the first time in 2024. The assessment will be reviewed annually and more precise data will gradually be collected and documented. The entire organization and our value chain was included in the double materiality assessment. Knowledge obtained from stakeholder dialogs was used to describe impacts and risks. In addition, we have used information from risk management tools that describe the risks of negative sustainability impact from business relationships. We intend to reconcile our outcomes and assumptions from the materiality assessment with our key stakeholders on an ongoing basis.

IMPACT MATERIALITY

Gross list of potentially material areas

The materiality of sustainability matters was assessed in respect of the sub-sub-topics described in ESRS 1. The sub-sub-topics we immediately assessed as being non-material were excluded from the materiality assessment without further analysis to enable us to focus in greater depth on more relevant areas of sustainability.

A description of NIBE's impact on people and nature was provided for each sub-sub-topic based on our stakeholder dialog, data collected from the Group and impact assessments from external partners. We also used information from internal experts and specialist consultants, as well as knowledge obtained from the various networks we are members of.

For a description of the impact in the supply chain we used public data on the impact of industry sectors, knowledge obtained from dialogs with our current suppliers and analyses from analytics tools for information on the external environment and risks.

The assessment of positive impacts looked only at areas of sustainability where NIBE contributes to a more sustainable society. We do not include under positive impact areas where we are taking measures to reduce our negative impact.

Evaluation of impact

The actual and potential impacts of the Group were assessed in terms of the severity of the impact of each sub-sub-topic,

together with the likelihood of the impact. Severity was assessed on the basis of three parameters: scale, scope and the irremediable character of the impact, in accordance with ESRS 1. The likelihood of potential impact is always less than 100%. All severity parameters were evaluated using a five-point scale, while likelihood was evaluated on a four-point scale. The total materiality of the sub-sub-topic was calculated by multiplying the likelihood by the sum of the three severity parameters. Where the likelihood of negative impact was uncertain, we applied a higher likelihood. In several cases we did not have the data we wanted to be able to perform assessments with a high level of assurance. Therefore, we have also estimated the level of assurance of the materiality assessment per sub-sub-topic in order to systematically introduce measures to gradually improve the assessment.

Materiality thresholds

The threshold for materiality of negative impact was determined as 19 on a scale from 2 to 60, where 2 means a minor impact. The threshold was determined based on a balance between impacts on people and nature, what is considered material for stakeholders and maintaining a clear focus and high quality of reporting. For a positive impact where the irremediable character of the impact is not included as an assessment parameter, the threshold for materiality was set at 15 on a scale of 1 to 40.

Outcome and validation

The outcome has been validated by NIBE's Sustainability Council, which includes the CEO and the heads of business areas. Finally, the outcome and process have been audited by an external party

FINANCIAL MATERIALITY

Gross list of potential risks and opportunities

17 sustainability-related potential risks and three opportunities were identified. The supporting data included previous internal risk assessments, existing business relationships, sector-specific conditions and general trends in the area of sustainability. We took into consideration our material impact and identified dependencies on resources in the form of energy, material and healthy workers throughout the value chain. Every risk and opportunity was described in terms of reason and potential impact. All risks and opportunities were associated with one or more of the sub-sub-topics described in ESRS.

Thresholds for probability and financial effects

Five levels, ranging from very low to very high, were defined for the assessment of financial effects. Very low financial effect was defined as less than SEK 50 million and very high financial effect as more than SEK 250 million. Likelihood was also divided into five ranges, from 0-20% to 80-100%.

Assessment of risks and opportunities

The likelihood of risks and opportunities was assessed by the sustainability team while the financial effects were established by the sustainability team together with the CFO. A value for risk and opportunity was calculated by multiplying likelihood (level 1-5) by effect (level 1-5). A value above 12 was assessed as material. First, we assessed all risks and opportunities in the medium-term. Thereafter, we assessed risk level in the short- and long-term.

Outcome

The outcome of the risk assessment is integrated into the Group's overall work with risk management and assessed for priority in the same way as other risks. None of the identified opportunities or risks necessitated a change to our overall management process.

IRO-1, E1 Processes to identify climate-related impacts, risks and opportunities

SBM-3, E1 – Material impacts, risks and opportunities and their interaction with strategy and business model

We have identified several climate-related risks, both physical risks and transition risks. The assessment of physical climate-related risks is based on the physical addresses of our operations, with geographical coordinates or addresses used for a more precise risk assessment.

Acute risks are defined locally, chronic risks are assessed on a national or regional level and transition risks are global. The initial resilience analysis was conducted in 2022 and covered all Group companies, but did not include the upstream and downstream value chain.

PHYSICAL RISKS

The impact of physical risks on our operations was mapped using the Verisk Maplecroft climate risk index. We used this analysis to identify the most material physical climate risks for the four regions where we have operations: Europe, North America, Australia and Southeast Asia

Risk scoring is based on a relative scale from zero to ten, where zero is the highest risk rating. For each index there is a recommended materiality threshold that indicates whether further investigation is required. If a location has an index score below the threshold, more in-depth analysis is recommended to assess vulnerability. As added support for the assessment, we weigh the rating against commercial considerations and our own risk management capacity.

In our mapping we did not identify any extreme risks in the areas where we have operations and the need for reorganization of our operations as a result of the climate scenarios is minor. Our exposure to acute physical risks is low, while our exposure to chronic physical risks is assessed as moderate. The analysis shows that changing temperature is a constant risk area for all regions. The analysis also identified an extreme risk of heat stress in Southeast Asia, which is not a risk that occurs in the other regions.

TRANSITION RISKS AND OPPORTUNITIES

For transition risks and opportunities, a literature review was conducted to identify sector-specific actual and potential risks and opportunities. The risks identified related to policy, technology, market and reputation, while opportunities included

TYPE OF RISK	CLIMATE-RELATED RISK	LEVEL OF RISK	AVERAGE	POTENTIAL FINANCIAL EFFECT
Physical risks ACUTE	Flood risk in coastal areas	9.62	8.3	
	Risk of drought	6.47		
	Risk of extreme tropical cyclones	8.01		
	Flood risk	9.43		
	Risk of landslides	8.95		
	Risk of severe storms	6.9		
	Risk of tropical storms and cyclones	9.8		
	Risk of forest fires	8.05		
Physical risks CHRONIC	Exposure to climate change	6.97	6.58	
	Cooling degree days (future climate)	8.84		
	Cooling degree days (current climate)	9.26		An increase in costs and possible investment may be incurred at external temperatures below 18.3°C because of increased demand for energy.
	Heating degree days (future climate)	3.91		An increase in costs and possible investment may be incurred at external temperatures below 18.3°C because of increased demand for energy.
	Heating degree days (current climate)	3.43		Increase in costs due to increased demand for energy and possible investments due to need for climate control.
	Heat stress (future climate)	5.14		Increase in costs due to increased demand for energy and possible capital expenditure due to need for climate control.
	Heat stress (current climate)	5.63		
	Rise in sea level	9.65		
Water stress	6.6			

resource efficiency, energy sources, products, services and markets. The risks and opportunities were then ranked based on their potential to impact the business as a whole using a consequence/impact rating scale.

The potential impacts of the most material transition risks and opportunities are then assessed under two different emissions scenarios, in the short-, medium- and long-term (1–5 years, 5–10 years and 10–30 years). By undertaking this assessment, NIBE can enhance its strategic decision-making and demonstrate to stakeholders how we test the resilience of our business strategy against a range of possible future scenarios.

The following two scenarios are included:

- Net-Zero Pathway, which is based on the International Energy Agency's (IEA) Net Zero Emissions by 2050 Scenario (NZE). It assumes a rapid implementation of clean energy policies that set the planet on course to meet the objectives of the Paris Climate Agreement and limit warming to 1.5°C
- Stated Policies Scenario (STEPS) is a more conservative view of the future, in which only current and planned policies are enacted, and fossil fuels play a greater role in the energy system, and society more widely, for a longer period.

Region	Number of entities	Overall physical risk score	Chronic risk score	Acute risk score
Europe	112	7.62	6.80	8.43
Australia	4	7.48	6.48	8.48
North America	27	7.22	6.03	8.40
Southeast Asia	10	6.77	5.40	8.00

We also carried out desk research of the current political situation in key regions and identified important global trends. This analysis complements the global trends described by IEA in the NZE and STEPS scenarios. Where relevant, assumptions about future policy measures in key countries have been included in both scenarios.

In the assessment of transition risks and opportunities we have considered likelihood and impact. Risks and opportunities are presented in the table on pages 76–77.

TRANSITION RISK IDENTIFICATION AND PRIORITIZATION

RISK AREA	RISK	DESCRIPTION	POTENTIAL FINANCIAL EFFECT	MANAGEMENT
Financial	Low ESG score.	Screening of companies by sustainability performance for financing. May also lead to reputational risk if the company does not meet stakeholder expectations.	Loss of investors, negative impact on share price, reduced access to capital, business losses, undervaluation, difficulties attracting long-term investors.	Set carbon dioxide and climate neutrality goals. TCFD disclosures. Including ESG assessment in all acquisitions.
	Increasing focus on climate change by investors.	Increasing pressure by investment community to provide sustainability disclosures.	Loss of investors.	Set carbon dioxide and climate neutrality goals. Disclose to TCFD.
	Insurance.	Rising cost of insurance from increasing physical risks to facilities.	Rising costs, asset writedowns.	Conduct scenario analysis and take appropriate actions.
Legal	Non-compliance with standards or targets.	Not able to comply with TCFD recommendations or e.g. SASB Sustainable Accounting Standard Board.	Non-compliance with climate change policies could result in lower level of investor trust. This could also result in fines or additional taxes.	Transparent disclosure of climate risks and carbon reporting.
	Liability exposure.	Acts or omissions that result in litigation.	Liability exposure could result in high legal fees and lead to a risk of access to capital finance.	Transparent disclosure of climate risks and carbon reporting.
Market	Increase in energy prices.	Oil and gas and renewable energy price volatility impacts energy prices.	Higher operating expenses, reduced demand due to rising product prices.	Diversification of sources of energy supply, negotiated long-term contracts, productivity improvements, cost reduction.
	Increase in the price of raw materials.	Increase in prices for raw materials due to supply and demand and wider commodity price volatility.	Higher operating expenses, reduced demand due to rising product prices.	Diversification of sources of supply for key raw materials, negotiated long term contracts with minimum purchase obligations, productivity improvements, cost reduction, diversification of energy sources.
	Customers' GHG emissions Scope 3 targets.	Growing pressure from customers for NIBE to reduce its GHG emissions to enable them to meet SBT.	Reduced revenue from loss of customers.	Set a carbon dioxide and climate neutrality goal, invest in greener technologies, diversify to greener products, products that will be required for transition.
Technology	Emerging technologies in low-carbon energy sector.	Failure to keep up with new technologies, such as for energy storage, and integrate them into production processes.	Capital investment needed in technology, increased revenue from higher sales, lower fines/taxes for high GHG emissions.	Evaluate ground-breaking technologies, conduct product life cycle assessments.
Reputation	Investor sentiment.	Unable to meet sustainability standards set by investors.	Negative impact on share price, loss of ability to attract investment.	Set a carbon dioxide and climate neutrality goal and invest in low carbon technologies, transparent carbon emissions reporting, offsetting residual emissions.
	Severe reaction from stakeholders due to action/inaction.	Media headlines or social media activity reflecting strong reaction from stakeholders as a result of negative impact from company regarding GHG emissions.	Reduced access to capital as a result of reputational damage.	Set a carbon dioxide and climate neutrality goal, invest in low carbon technologies, in long term offsetting residual emissions.
	Internal frustration from employees.	Frustration may arise from a lack of action on climate change.	Impact ability to attract and retain talent.	Set a carbon dioxide and climate neutrality goal, invest in low carbon technologies, in long term offsetting residual emissions.
Regulatory	Carbon tax rise.	Increased price of carbon through national and international schemes.	Higher operating expenses, reduced demand due to rising product prices.	Use a shadow carbon tax of USD40/CO2 equivalent emissions as a basis for potential investments.
	Rise of emissions trading systems.	Increasing carbon price or higher taxes if cap is exceeded.	Higher operating expenses, higher capital investment, reduced demand due to rising product prices.	Invest in greener technologies to reduce emissions ahead of rising carbon prices, align GHG with Paris agreement.
	International and national measures to reduce GHG emissions.	Regulation that requires significant equipment modifications, operational changes or purchase of emissions credits to reduce GHG emissions from operations.	Increased capital costs, increased compliance, operating and remediation costs.	Invest in greener technologies, change to lower GWP refrigerants, reduce fossil fuels in production process, efficiency improvements.
	Regulatory changes.	Emerging disclosure requirements.	Emerging regulations and disclosure requirements may result in increased baseline costs.	Engage with trade associations and monitor strategy development.

OPPORTUNITIES

RISK AREA	OPPORTUNITIES	DESCRIPTION	POSSIBLE ENVIRONMENTAL IMPACT	MANAGEMENT
Market	Increasing demand for products required for climate adaptation and resilience.	Increasing demand for heat pumps and other low carbon technologies.	Increased revenue from higher sales of new products.	Invest in product and production development and plan for market growth.
	Increasing oil and gas prices.	A rise in oil and gas prices presents an opportunity for heat pump technology to step in as the low cost option (heat pumps still linked to fluctuating electricity prices).	Increased revenue from higher sales of existing products.	Invest in product and production development to plan for increased demand.
Regulatory	Regulation and policy requiring low carbon transition.	Increased demand for low carbon technology to meet regulation.	Increased revenue from higher sales of new products.	Invest in product and production development to plan for increased demand.
	Engage in development of public policies to reduce GHG emissions and the low carbon energy transition.	Improve regulatory certainty, help guide investment decisions, drive growth in demand for energy efficient products.	Emerging regulations may increase demand for heat pump technology.	Invest in product and production development to plan for increased demand.
Technology	Reduce GHG emissions through product enhancements	Reduction of company and downstream GHG emissions through product enhancements using breakthrough technologies.	Capital investment needed in technology, increased revenue from higher sales, lower fines/taxes for high GHG emissions.	Evaluate ground-breaking technologies, conduct product life cycle assessments.

SELECTION OF CLIMATE SCENARIOS

We have used various simulations of future scenarios based on changes in GHG emissions. Maplecraft Verisk, which we partnered with, updates the scenarios according to the latest published standards, and NIBE also ensures this. The current risks were updated in 2021, and new update is planned in 2025. The use of scenario analysis within the TCFD framework allows an organization to show the resilience of its business strategies to a number of transition and physical risks that may manifest in various emission scenarios.

Climate scenario 2 (RCP 2.6) – We achieve the goals of the Paris Agreement

RCP 2.6 is a scenario in which we achieve the goals of the Paris Agreement. The world has succeeded in limiting temperature rise and greenhouse gases have stabilized at the current level. We achieve a global temperature increase of +1.5–3°C. New, renewable energy technology is introduced on a large scale, we have low energy intensity and the world population is stabilized at around 9 billion. Significant changes have been implemented in society, infrastructure and buildings.

Climate scenario 3 (RCP 4.5)

RCP 4.5 is a climate scenario in which GHG emissions have fallen due to current and planned actions, resulting in global warming

stabilizing at around 2.5–3°C by the end of the century. Society is impacted by an increase in extreme weather events, rising sea levels and ecosystem change, leading to infrastructure, food supply and public health challenges.

Climate scenario 1 (RCP 8.5) – Business-as-usual

RCP 8.5 is a scenario in which GHG emissions continue to rise sharply, causing global temperature to rise by 2 to 4°C. This results in rising sea levels, more extreme weather events, floods and wildfires. The scenario is characterized by continued dependence on fossil fuels, failed climate initiatives and a growing population.

We assess RCP 4.5 as the most likely scenario based on the investments and actions that are currently being implemented. We have selected these scenarios because they are the most well-established and are based on scientific assumptions. Our selection is compatible with the assumptions made in the risk assessment in the financial statements.

RESULTS OF RESILIENCE ANALYSIS

Having identified the risks, we involved our subsidiaries, which assessed the need to take action. Each subsidiary is responsible for implementing the actions, following which a Group-wide assessment is carried out to see if additional action is required to increase our resilience and address our identified risks. Before

decisions on investments in new production, additional supporting evidence in the form of evaluations of climate risks, focusing on precipitation, extreme weather events and flood risk, is prepared. Environmental certification and environmental inventories of buildings will be implemented prior to refurbishment and new construction. Energy audits are also conducted to identify energy efficiency opportunities, thus reducing our demand for energy. We are continuing our work relating to climate control in our operations, which will enable us to reduce the impact of heat stress on our employees and to efficiently manage days with temperature variations in respect of heating and cooling. Production of renewable energy through the installation of solar panels, in combination with installation of heat pumps, helps to ensure that we have access to energy to be able to produce products and that we have a comfortable work environment. The resilience analysis also resulted in us adopting a climate goal for carbon emissions, see ESRS E1. We will continue our work on transition risks and risks related to our suppliers and their location. We will also work on explaining the companies' climate risks in NICS (NIBE Internal Control Standard).

UNCERTAINTY FACTORS

Our assessment is that there are no major uncertainties in the resilience analysis, other than in respect of decisions by the authorities and legal requirements. There is also some uncertainty about the kind of new technology that may need to be developed to manage climate risks, whether locally or internationally. The political situation may also be an uncertainty factor, depending on the location of our operations.

We have a clear picture of investment requirements up until 2030 for our own operations, including buildings, transport and reinforcement measures for extreme weather events. In the case of subsidiaries that are more exposed, we take their assets and business activities into consideration by collating investment decisions, planning activities and preparing action plans to reduce risk. These investment plans are linked to our short- and medium-term risks and focus on the useful lives of assets and the distribution of capital. We have established an investment framework to implement these actions. Managing these risks is an important part of NIBE's strategy and we evaluate and identify new risks on an ongoing basis.

We have a good understanding of our own climate impact in Scopes 1 and 2, but there is still some uncertainty related to our indirect emissions in Scope 3. We are working on improving the reliability of this data, which will enable us to gain increased understanding of the kind of activities that increase or reduce our climate impact. Total GHG emissions are reported for our different Scopes in ESRS E1-6.

IRO-1, E2 Processes to identify pollution-related impacts, risks and opportunities

All production companies with more than 25 employees are required to obtain ISO 14001 certification two years after acquisition. The outcome for 2024 is 98%. Because the companies are certified and audited by third parties, we consider the risks of serious accidents to be low. In many cases operations require a permit, which means that measurements are carried out on a regular basis and any failures to comply with permit conditions are reported to the environmental authorities in the country concerned and to the Group's sustainability department.

Water is monitored for water quality by measuring levels of metals and organic substances. Emissions of NOx, SOx, VOC and dust into the air from our own production facilities are measured and monitored to ensure compliance with applicable environmental permits and regulatory requirements. In addition to measurements, we use information from suppliers and safety data sheets for chemicals.

Because our products mainly comprise metals and components, we have not yet carried out an in-depth assessment of the impacts and risks of microplastics that are directly or indirectly caused by NIBE. Based on the knowledge we currently possess, there are no indications that our processes or products give rise to significant discharge of microplastics.

In connection with land acquisitions we carry out an environmental analysis to assess the condition of the soil and to identify how NIBE can best manage any pollution. The analysis includes an investigation into whether the pollution was caused by us or the former owners.

DIALOG WITH STAKEHOLDER GROUPS

In the stakeholder dialogs we address the issue of discharges and emissions into the environment. Each subsidiary is responsible for consultation with the affected parties in the local community. Consultation is carried out on an as-needed basis. The sustainability team carries out continuous monitoring together with local facilities to ensure that no material impact occurs.

OUTCOME OF THE DOUBLE MATERIALITY ASSESSMENT

The materiality assessment considered locations and business activities linked to material pollution both in respect of NIBE's own operations and in the value chain.

IRO-1, E3 Processes to identify water and marine resources-related impacts, risks and opportunities

To identify any negative impact on water availability, NIBE has carried out a mapping of facilities located in areas of water stress.

In addition, we carry out follow-up of water consumption from all production facilities. Facilities with significant water consumption that are also located in water stressed areas have a large impact on water availability. The proportion of fresh water withdrawals of the total amount of water used is also followed up to enable us to gain deeper understanding of the impact.

Water withdrawals in the upstream value chain are likely to occur but we did not carry out any measurements of water withdrawals in 2024. Water use related to operation of NIBE's products is considered to be negligible.

DIALOG WITH STAKEHOLDER GROUPS

In the stakeholder dialogs we address the issue of water withdrawals. Each local company is responsible for consultation with the affected parties in the local community. Consultation is carried out on an as-needed basis. The sustainability team carries out continuous monitoring together with local facilities.

OUTCOME OF THE DOUBLE MATERIALITY ASSESSMENT

See outcome of materiality assessment in SBM-3 in ESRS 2.

IRO-1, E4 Processes to identify biodiversity and ecosystems-related impacts, risks and opportunities

NIBE has considered the locations of our own facilities and we have made assumptions about impact on biodiversity in our own operations. As regards the value chain, we have included operations we assess as being of significant size and used these as the basis for our assessment of our impact on biodiversity and ecosystems. The assessment did not identify any direct dependencies on biodiversity, ecosystems and their services, but NIBE is assessed as being indirectly dependent on these services.

BIODIVERSITY AND ECOSYSTEMS-RELATED RISKS

NIBE has not identified any material transition risks, physical risks or systemic risks. In the same way as how we currently approach climate-related risks, in the next few years we intend to evaluate the need for more in-depth assessment according to the Taskforce on Nature-related Financial Disclosures (TNFD) framework in order to validate the initial assessment.

DIALOG WITH STAKEHOLDER GROUPS

In the stakeholder dialogs we address the issue of biodiversity and ecosystem services. Each local company is responsible for consultation with the affected parties in the local community. The sustainability team carries out continuous monitoring together

with local facilities to ensure that no material impact occurs. In some cases NIBE's own facilities are located in or near biodiversity sensitive areas; however, our anticipated negative impact has been assessed as limited in relation to our operations and actions that have been implemented. We have not deemed it necessary to implement any specific actions to limit biodiversity loss.

Raw material production involving stone, metal and components in the form of electronics are likely to have negative impacts on communities in the upstream value chain. The scope of impacts of raw material production is currently assessed as non-material but additional systematic and in-depth work together with the supply chain is required to increase the level of assurance of the assessment.

In addition, we conduct stakeholder dialogs with, e.g., customers, in which circular economy and its link to life cycle assessments is a key and recurring topic. See SBM-2 for a more detailed explanation of how the interests of stakeholders are consolidated.

SCREENING OF MATERIAL MATTERS

We have good insight into the quantities of purchased materials in NIBE's entire value chain. As a manufacturing group, we may have potential negative impact in respect of purchased materials and raw materials. Materials selection also has a large impact on opportunities for recycling and reuse.

The statements above concerning materials flows to the business also apply to the products we bring to market. Many of our products can be repaired and it is possible to replace supply parts. However, we have limited opportunity to take back used products and materials. Currently, we do not have any specific requirements in place or carry out supervision of suppliers with regard to measures taken to increase circularity in the value chain.

In addition, there is material negative impact in respect of waste generated in our own operations and in the value chain. Waste management varies according to the opportunities available for recycling of materials and implementation of a circular system. We have limited insight into waste management in the value chain, meaning that some materials and components risk being treated as waste and are not circulated.

IRO-1, G1 Processes to identify business conduct-related impacts, risks and opportunities

In this process, management of relationships with suppliers, including payment practices and corruption and bribery, have been the criteria for the assessment of material negative impact. The assessment has taken into consideration that NIBE has a potential impact in view of the fact that we are an international group with more than 20,000 employees located in a number of countries with high risk of corruption and bribery. The assessment was based on e.g. reported incidents and NIBE's risk assessment system.

ENVIRONMENTAL INFORMATION

ESRS E1 CLIMATE CHANGE

NIBE GROUP'S IMPACT

One of the biggest challenges involved in achieving a global sustainable society is to reduce emissions of greenhouse gases and slow down the current rate of climate change. There is clear scientific evidence that climate change is causing natural disasters and extreme weather conditions, reducing biodiversity, threatening our living standards and undermining political stability in society.

Since 2011, we have worked systematically to reduce our climate impact in many different ways. We can achieve the largest reductions in GHG emissions in our direct and energy-related emissions (Scope 1 and 2) by switching to renewable energy in our own buildings, by making changes to production processes and by using electricity or renewable fuels for transport. Our largest impact comes from indirect emissions

(Scope 3), primarily through use of energy for the products we sell, but also from purchased transport and purchased products and services.

However, our products help most of our customers to avoid GHG emissions. This is due to the fact that we place LCE (Low Carbon Economy) classified products on the market, such as heat pumps that reduce customers'

fuel and energy use. Growing global demand for products with low climate impact thus also entails a business opportunity for us.

Focus areas	2024	Performance	Target	Read more
Energy consumption	7.8 MWh/SEK m		6.6 MWh/SEK million	page 76
Percentage LCE products	62.2%		70%	page 77
CO2 emissions	31,067 metric tons		16,800 metric tons	page 76

POLICIES AND ACTIONS

E1-2 Policies related to climate change mitigation and adaptation
Read more on page 81.

E1-3 Actions and resources in relation to climate change policies
Read more on page 81.

STRATEGY

E1-1 Transition plan for climate change mitigation

CLIMATE GOALS FOR TRANSITION AND CONCRETE ACTIONS

Our products enable us to contribute in a natural way to international ambitions to mitigate climate change. Top priorities in our sustainability strategy are to develop innovative and competitive solutions with higher energy efficiency and to reduce GHG emissions.

In our own operations, we are continuously working on strategic initiatives aimed at becoming fossil-free. Currently, we have a good understanding of our own direct and indirect carbon dioxide emissions. In 2024, we continued to make changes to our facilities and operations to reduce carbon dioxide emissions and we have reported our Scope 1 and 2 direct and indirect emissions for many years. During the year, we also continued to map our indirect emissions in the value chain (Scope 3).

Our climate goals, which are described in more detail in E1-4, include reducing GHG emissions in Scope 1 and 2 by 65% by 2030, compared with the base year 2019. This goal is aligned with the Science Based Targets initiative (SBTi) and, therefore, contributes to limiting global warming to 1.5°C in line with the Paris Agreement. We have not yet set targets for our indirect Scope 3 emissions, which is also required in order for our overall goal to be validated by SBTi. We intend to continue our work relating to our targets and to have them validated by SBTi in the next few years.

Our product development is important if we are to be able to achieve net-zero emissions in our entire value chain in the long term. Our product development enables us to use a larger proportion of input materials with a low carbon footprint and achieve higher energy efficiency in our products. For products running on electricity, it is also critical to increase availability of fossil-free energy to be able to achieve net zero. Overall, our transition plan consists of improving energy and material efficiency, switching to renewable fuels, using renewable electricity and phasing out and replacing products and processes.

INVESTMENTS AND FUNDING FOR THE IMPLEMENTATION OF THE TRANSITION PLAN

NIBE carries out investments supporting the implementation of our transition plan in the form of taxonomy-aligned capital expenditure and operating expenditure related to e.g. the taxonomy activities Installation, maintenance and repair of renewable energy technologies and Manufacture of energy efficiency equipment for buildings. The latter activity includes investments in facilities manufacturing the products referred to in our transition plan above, but also taxonomy-aligned investments in our buildings.

See our Taxonomy reporting on pages 92–96.

POTENTIAL LOCKED-IN GHG EMISSIONS

We can see a risk of potential locked-in GHG emissions from our assets and our products. These locked-in emissions could jeopardize our ability to achieve our climate goals and drive the transition risk.

Locked-in emissions from our assets include the vehicle fleet, machinery and other product engineering equipment and heating of properties. There are electric or renewable alternatives, but investments in these alternatives are not always justified financially. In addition to our activities to continuously reduce energy consumption, we are actively working on eliminating fossil fuel in heating of production facilities where we own the buildings. In operations where we lease the buildings, we are engaged in dialog with the property owners regarding installation of fossil-free alternatives.

The majority of our products are powered by electricity, which involves electricity consumption by our customers. However, we

do not consider this to comprise locked-in emissions because the customer is able to make an active choice to use electricity with lower carbon dioxide emissions. Additionally, we predict that most the world's electricity grids will move to a higher proportion of renewable electricity in the coming years. A small proportion of our products comprise products that can run on fossil fuels, e.g. gas-fired stoves. In these cases we foresee a larger challenge concerning locked-in emissions, which will partly limit our opportunities to reduce our Scope 3 emissions in the short- to medium-term.

The investments in assets that contribute to the transition and the reduction of GHG emissions are reported in the Taxonomy report on page 94. During the reporting period no capital expenditures were made in investments in coal-, oil- or gas-related economic activities.

THE TRANSITION PLAN IS PART OF THE BUSINESS PLAN

Our transition plan is included in and adapted to our overall business strategy and vision, which is to provide sustainable, world-class energy solutions that contribute to a faster transition to a resource-efficient and fossil-free society. The transition plan is a work in progress and although we have made progress in the form of reductions of our GHG emissions, we still have much to do. At the end of 2024, energy mapping had been carried out for 44% of our production facilities, corresponding to around 80% of our total energy use. The transition plan has been approved by both NIBE's Sustainability council and the Board of Directors of NIBE Industrier AB.

NIBE is not excluded from Paris-aligned Benchmarks. This means we are aligned with the sustainability criteria set out in the Climate Benchmark Standards Regulation.

IMPACT, RISK AND OPPORTUNITY MANAGEMENT

E1-2 Policies related to climate change mitigation and adaptation

Our climate change policy contains guidelines on climate change mitigation and adaptation. The policy was developed taking into account our understanding of our stakeholders' needs and interests.

Our guidelines on climate change mitigation state that we should continuously reduce emissions in our own operations, carry out energy efficiency measures, increase our self-generated renewable energy and increase the proportion of purchased renewable energy.

In our work relating to climate change adaptation, we have guidelines on the use of risk assessments, on the introduction of adaptations where required and on collaboration with external partners. The policy also describes that we should provide transparency on our work relating to our goals, outcomes and activities aimed at reducing our climate impact.

E1-3 Actions and resources in relation to climate change policies

ACTIONS IN OUR OWN OPERATIONS

To reduce our climate impact, we are working to reduce the use of fossil fuel in our production units and replace heating systems with heat pump and ventilation solutions. This is done through systematic energy mapping that identifies small and large improvements in our properties as regards cooling, heating and ventilation systems and energy losses in manufacturing processes. The largest opportunities for reducing our climate impact are in:

- Buildings:** By installing our own product solutions, we can make the transition from fossil fuel to renewable energy.
- Processes:** Where the technology exists, we can replace processes with renewable alternatives.
- Transport:** We can switch from fossil fuels to electricity or hybrid solutions where appropriate and where the necessary infrastructure exists.

We are continuously investing in technical and purification equipment. To be able to achieve our climate-related targets,

work is underway on converting our climate control facility from fossil fuels to renewable solutions, and we will be able to use products from our own product portfolio to do this. We also intend to increase the proportion of self-generated renewable energy and change our process heating from fossil fuel sources to biogas or electricity as soon as this becomes technically and commercially feasible.

In 2024, we carried out investments involving minor amounts and short repayment periods. However, some major investments have been postponed. Examples of investments carried out include the installation of a new enameling line that is heated using electricity, the purchase of more heat pumps for use in our premises and the installation of new production lines for electric water heaters. The investments carried out in 2024 took place within our subsidiaries' own direct operations.

ACTIONS TO REDUCE CLIMATE IMPACT IN THE VALUE CHAIN

We are also working to reduce our indirect climate impact in the supply chain. We do this by, e.g., selecting input materials with lower climate impact and suppliers with lower energy use. Innovative product development also enables us to reduce products' climate impact throughout their life cycle. We are taking measures to replace our refrigerants with natural substances with a lower Global Warming Potential (GWP) in both current and future product ranges. This means that the climate impact from any refrigerant leaks at customers' sites is significantly reduced.

We are implementing these measures on a continuous basis and there are different time frames for a number of key measures that need to be implemented if we are to achieve our climate goal by 2030. The majority of our heat pumps in Europe have already switched to, or will make the switch to, using the R290 refrigerant, which has a GWP of close to zero, not later than 2027. Similar transition plans for refrigerants with lower GWP are underway in North America.

CLIMATE CHANGE ADAPTATION ACTIONS

We carry out regular climate risk assessments to map risks and opportunities for our operations and suppliers. We implement adaptation solutions in our operations to mitigate identified

climate risks, e.g. by installing climate control systems for heating and cooling, limiting our water consumption in areas of water scarcity and by maintaining buildings at risk of severe storms. We also collaborate with external partners such as trade associations and authorities concerning the exchange of experiences, technical development to understand risks and opportunities and to improve our resilience to climate change.

ALLOCATED RESOURCES FOR CLIMATE ACTION

The Board of NIBE Industrier AB has decided on an investment frame of SEK 1 billion in the Group to enable us to achieve our target for reducing carbon dioxide emissions by 2030 in accordance with the action plan. Our assessment is that operating costs will not change significantly because the investments are expected to improve our energy efficiency. The investments will be allocated over the year up until the target year 2030. The investments, which are intended to be included in the Group's total investments, are presented in Note 15. Up until the end of 2024, investments of around SEK 200 million had been made in relation to the Group's action plans. In addition to the action plans, we have invested in, e.g. the construction of new energy-efficient facilities.

EMISSION REDUCTIONS LINKED TO OUR ACTIONS

Achieved and expected GHG emission reductions due to actions taken are presented under targets and outcomes below. We assess that we will be able to achieve the adopted targets. There is a strong relationship between our opportunities for reducing our GHG emissions and the access to resources such as funding. In years when the financial situation has been strained, we have carried out fewer investments. However, long term we often see that operating costs decrease after we have invested in new, more efficient machinery.

Our Taxonomy report includes the monetary amounts of our capital expenditure. Some of the described taxonomy activities correspond to actions we have taken as part of our transition plan. The expenditure reported in the Taxonomy report is included in Note 15 in the financial statements.

METRICS AND TARGETS

Reduction of CO2 emissions	Base year	Target year	Type of target	Target level %	Emissions (tCO2eq)		Change	
					2019	2024	(tCO2eq)	(%)
Scope 1	2019	2030	Absolute	-65%	36,413	29,977	-6,436	-18%
Scope 2, Market-based					11,449	1,090	-10,360	-90%
Total Scope 1 and 2, Market-based					47,862	31,067	-16,795	-35%
Scope 3	-	-	-	-	-	-	-	-

GHG emission reduction target compared with cross-sector emission pathway	2019 base year		2024 (current status)		2030 (short-term target)		2050 (long-term target)	
	Emissions (tCO2eq)	%	Emissions (tCO2eq)	%	Emissions (tCO2eq)	%	Emissions (tCO2eq)	%
	NIBE's GHG emission reduction target for Scope 1 and 2 (1) with 2019 as the base year.	47,862	100%	31,067	-54%	16,752	-65%	- (3)
Cross-sector emission pathway for limiting global warming to 1.5 °C (2)	47,862	100%	31,067	-54%	20,680	-57%	4,786	-90%

- 1) Base year 2019. The target has not been validated by an external organization.
- 2) The cross-sector emission pathway is calculated using SBTi's tool for emission reductions
- 3) NIBE has not yet set any long-term targets.

E1-4 Targets related to climate change mitigation and adaptation

NIBE has established three energy and climate-related targets related to climate change mitigation and adaptation. The climate issue is material to many of our stakeholders, such as customers, shareholders and investors. Our targets have largely been formulated based on the insights we have gained in our stakeholder dialogs and the objectives described in our climate change policy.

The targets include all of NIBE's operations except activities acquired during the reporting period, since their sustainability reporting will not begin until they have been part of the Group for a full reporting period. Our targets are followed up and evaluated annually. Both our energy targets and climate-related targets use the base year 2019, which we consider to be a representative base year.

REDUCE ENERGY USE BY 40%

According to our energy target, we should reduce our energy use by 40% by 2030 compared with 2019 as the baseline (measured in MWh/SEK million in sales). The energy included in the target calculation is purchased energy in the form of electricity and fuels for our operations and vehicles, but not our self-generated energy. However, self-generated energy is included in the presentation of energy consumption and mix and in the calculation of energy intensity on page 77. The target is linked to our environment and climate focus areas as well as use of our energy-efficient products.

In 2024 we achieved energy intensity of 7.8 MWh/SEK million, which corresponds to a decrease of 29% compared with the 2019 baseline. The decrease was mainly due to implemented energy-saving measures and investments in solar panels. Progress is in line with our adopted targets.

REDUCE GHG EMISSIONS BY 65%

Our GHG emissions target is aimed at reducing direct (Scope 1) and indirect (market-based Scope 2) GHG emissions by 65% by 2030 compared with the base year 2019. We consider this to be an ambitious target because the cross-sector emission pathway recommended by SBTi requires a reduction of at least 57% in the same period. The target is an absolute target. It has not been externally validated and does not include indirect Scope 3 GHG emissions. The GHG emissions are calculated based on adopted emission factors. All six greenhouse gases defined in the GHG protocol are included in the report and are converted into CO2 equivalents (CO2eq). We carry out base year recalculation in line with the GHG Protocol guidance in order for our annual results to be comparable with the base year. The GHG emission reduction target is a gross target, which means that we do not include GHG removals, carbon credits or avoided emissions. The target is linked to our climate and environment focus areas as well as use of our own energy-efficient products.

We defined the target taking into account future technological developments that will enable us to be more energy-efficient and facilitate the use of renewable fuels. We also took into consideration a number of different climate scenarios, the most important of which was the scenario in which we succeed in limiting global warming to 1.5°C. Because our target should be aligned with this scenario, we consider it to be science-based. Our target is in line with upcoming regulations from the EU, involving new requirements for renewable fuels and the phasing out of fossil fuels.

In 2024 we achieved a reduction of 35% (16,795 metric tons in absolute terms) compared with the base year 2019. The reduction was the result of implemented investments in e.g. the vehicle fleet, work on phasing out fossil fuels and the implementation of new climate control systems. Many of the investments have been carried out in connection with energy mapping. The reduction in GHG emissions is also the result of the transition to renewable electricity in acquired companies, increased energy efficiency in existing operations and changes to processes. To some extent, the reduction in emissions was also due to new technology and installation of new, energy-efficient machinery. We believe that we will be able to carry out all planned emission reduction measures to achieve our target using technology that already exists on the market. However, additional cuts in GHG emissions will require development of new technology to manage emissions from our process gases¹.

¹ Process gases are gases used in technical production. These could include inert gases used in welding, soldering and cutting processes.

70% LCE-CLASSIFIED PRODUCTS

Our target for increased climate benefit in our product portfolio is for 70% of our sales to consist of LCE-classified products² by the end of 2026. The target covers all subsidiaries and is calculated as the ratio of LCE-classified products in relation to the entire Group's sales over a financial year. The LCE classification is a quantitative model designed to permit investors to assess a company's ability to adapt its business to the requirements related to reduced climate impact. Our LCE-classified products support the shift to a smaller carbon footprint and help customers improve energy efficiency and convert to renewable energy.

Of our total 2024 sales, 62.2% consisted of LCE-classified products. The decrease compared with the previous year was explained by the slowdown in heat pump sales.

E1-5 Energy consumption and mix

NIBE is part of the "Manufacturing" sector, which is assessed as having significant climate impact according to the EU directive³. All energy use in NIBE's operations is therefore labeled as energy from high climate impact sectors. NIBE's energy intensity from these sectors amounted to 8.3 in 2024. A reconciliation to the financial statements, Note 4, is shown in the table on the right. Newly acquired companies in the reporting year have not started energy reporting but have started financial reporting. The reported energy intensity included only Group companies that were active throughout the financial year and therefore reported their energy use.

Net revenue was audited in connection with the financial audit, but energy was not.

² FTSE LCE ICS™ (Financial Times Stock Exchange Low Carbon Economy Industrial Classification System) is a quantitative model designed to permit investors to assess a company's ability to adapt its business to the requirements related to reduced climate impact. Product groups included in LCE: heat pumps, district heating, boilers, stoves for burning pellets and wood, PV panels, heat exchangers, components for rail, electric and hybrid vehicles, ventilation and building cooling, and renewable energy production.

³ Annex I to Regulation (EC) No 1893/2006 of the European Parliament and of the Council.

Energy consumption and mix	2024	2023	2022	2021	2020
Fuel consumption from coal and coal products (MWh)	215	207	291	445	399
Fuel consumption from crude oil and petroleum products (MWh)	38,243	38,828	34,711	36,270	27,735
Fuel consumption from natural gas (MWh)	65,614	70,865	73,097	75,656	60,620
Fuel consumption from other fossil sources (MWh)	20,318	20,453	21,866	30,420	18,903
Consumption of purchased or acquired electricity, heat, steam, and cooling from fossil sources (MWh)	2,908	4,762	5,614	5,871	10,705
Total fossil energy consumption (MWh)	127,298	135,115	135,579	148,661	118,361
<i>Share of fossil sources in total energy consumption</i>	<i>38%</i>	<i>39%</i>	<i>41%</i>	<i>43%</i>	<i>42%</i>
Fuel consumption for renewable sources, including biomass (also comprising industrial and municipal waste of biologic origin, biogas, renewable hydrogen, etc.) (MWh)	3,762	5,375	1,693	1,849	654
Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources (MWh)	185,409	190,855	183,019	180,825	154,874
Consumption of self-generated non-fuel renewable energy (MWh)	20,055	14,883	12,735	10,759	7,869
Total renewable energy consumption (MWh)	209,225	211,113	197,447	193,433	163,397
<i>Share of renewable sources in total energy consumption</i>	<i>62%</i>	<i>61%</i>	<i>59%</i>	<i>57%</i>	<i>58%</i>
Total energy consumption (MWh)	336,524	346,228	333,026	342,094	281,758

Energy intensity per net revenue	2024	2023	Change %
Total energy consumption from activities in high climate impact sectors per net revenue from activities in high climate impact sectors (MWh/SEK million)	8.3	7.7	8

The metric above includes self-generated energy, which is different from our energy intensity target (p. 73), which excludes self-generated energy.

Reconciliation to net revenue in the financial statements	SEK M
Net revenue from activities in high climate impact sectors used to calculate energy intensity	40,506
Net revenue (other)	15
Total net revenue (Financial statements)	40,521

	Retrospective			Milestones and target years			
	Base year (2019)	2023	2024	Change %	2030	2050	Annual % target / Base year
Scope 1 GHG emissions							
Gross Scope 1 GHG emissions (tCO ₂ eq)	36,413	34,694	29,977	-14%	12,744	-	-65%
"Percentage of Scope 1 GHG emissions from regulated emission trading schemes (%)"	0%	0%	0%	0%	-	-	-
Scope 2 GHG emissions							
Gross location-based Scope 2 GHG emissions (tCO ₂ eq)	60,801	58,841	56,576	-4%	21,280	-	-65%
Gross market-based Scope 2 GHG emissions (tCO ₂ eq)	11,449	2,680	1,090	-59%	4,007	-	-65%
Significant Scope 3 GHG emissions							
Total Gross indirect Scope 3 GHG emissions (tCO ₂ eq)	-	42,020,907	46,795,935	11%	-	-	-
1 Purchased goods and services	-	359,001	563,253	57%	-	-	-
11 Use of sold products	-	41,349,641	45,985,391	11%	-	-	-
Other categories	-	312,265	247,291	-21%	-	-	-
Total GHG emissions							
Total GHG emissions (location-based) (tCO ₂ eq)	97,213	42,114,442	46,882,488	11%	-	-	-
Total GHG emissions (market-based) (tCO ₂ eq)	47,862	42,058,281	46,827,001	11%	-	-	-

E1-6 Gross Scopes 1, 2, 3 and Total GHG emissions

All disclosed GHG emissions are attributable to the consolidated Group (parent and subsidiaries). With the exception of companies acquired during the reporting year there are no investees such as associates, jointly controlled companies or unconsolidated subsidiaries that are not fully consolidated in the Group's financial statements. Neither are there any contractual arrangements that are joint arrangements not structured through an entity for which we have operational control. Because emission data is missing from the newly acquired companies, there is also no separate emission data available for disclosure.

No Scope 1 GHG emissions are from regulated emission trading schemes.

The calculation of our GHG emissions was carried out on accordance with the principles, requirements and guidance in the GHG Protocol⁴. The emission factors for Scope 1 and 2 are from Swedish Energy Agency Heat values 2024, Swedish Environmental Protection Agency Emission factors 2024, DEFRA (UK Government GHG Conversion Factors for Company Reporting), IEA - International Energy Agency and the cooling and heat pump trade association Svenska Kyl & värmepumpföreningen. Conversion factors were obtained from the Swedish Energy Agency and Energigas.se. We used the most recently published Global Warming Potential (GWP) values, based on a 100-year time horizon, to calculate carbon dioxide equivalents (CO₂eq) for GHG emissions other than CO₂. All companies acquired in the year preceding the reporting period were included in the sustainability reporting.

⁴ Corporate Standard (version 2004) and GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (version 2011)

Our Scope 1 biogenic emissions come from combustion of bioethanol, biodiesel, pellets and biogas. Biogenic emissions also occur in Scope 2 in connection with production of electricity and district heating, but we do not have information on emissions from district heating. The same applies to our indirect biogenic CO₂ emissions under Scope 3. In the coming years, we will take measures to enable disclosure of our biogenic CO₂ emissions under both Scope 2 and Scope 3. Scope 3 biogenic emissions mostly occur during the use phase of our sold pellet- or wood-fired stove products.

100% of purchased electricity is bundled with instruments in the form of Guarantees of Origin (GoO), International Renewable Energy Certificates (IREC), Renewable Energy Certificates (REC) and Renewable Energy Guarantees of Origin (REGO). This electricity accounts for 94% of all purchased electricity under Scope 2. Guarantee of Origins are purchased centrally for the Group as a whole.

Scope 3

We have carried out calculations for our indirect Scope 3 emissions for all categories. Scope 3 GHG emissions are mostly calculated using assumptions and estimates. Of the total of 15 categories, we measured activity data from our Group companies for the following categories:

- 1 Purchased goods and services
- 3 Fuel and energy-related activities
- 4 Upstream transportation and distribution
- 5 Waste generated in operations
- 6 Business traveling

For the remaining categories, estimates of activity data are made at Group level. No calculation tools intended specifically for GHG emission calculations were used to calculate emissions. Of our total Scope 3 GHG emissions, less than 1% relates to primary data received from suppliers or other value chain partners.

The category with the single biggest emissions is category 11 (Use of sold products), which is due to the fact that our products use energy in the form of electricity, wood, gas or pellets during the use phase. The two factors with the biggest impact on these emissions are product service life and the type of energy used. In our calculations, we have assumed an average service life for each product group and that the energy used by our customers refers to the general energy mix in the different countries. If purchased electricity comprises completely fossil-free electricity, emissions in this category would be substantially lower. In this category we have assumed total refrigerant leakage of 2% over the entire use phase.

The category with the second-largest Scope 3 emissions (significantly lower emissions than in category 11) is category 1 (Purchased goods and services). These are calculated based on the weight of purchased materials and material-specific emission factors. In 2025, we will continue to work on quality assurance of information for the most material categories in Scope 3.

For Scope 3 we use emission factors from Swedenergy (Energiföretagen), the Swedish Energy Agency, IEA, DEFRA, EPDs, the Swedish Environmental Protection Agency, Swedish Recycling Industries and Swedish Waste Management.

Biogenic emissions of CO ₂ from the combustion or bio-degradation of biomass	2024	2023	2022	2021	2020
Scope 1 CO ₂ emissions, metric tons	1,136	1,410	501	588	207
Scope 2 CO ₂ emissions, metric tons	380	316	356	378	360

GHG intensity per net revenue	2023	2024	Change %
Total GHG emissions (location-based) per net revenue (tCO ₂ eq/SEK million)	934.29	1,157.43	19%
Total GHG emissions (market-based) per net revenue (tCO ₂ eq/SEK million)	933.05	1,156.06	19%

Reconciliation to net revenue in the financial statements	SEK M
Net revenue used to calculate GHG intensity	40,506
Net revenue (other)	15
Total net revenue	40,521

GHG INTENSITY BASED ON NET REVENUE

A reconciliation to the financial statements, Note 4, is shown below. Companies acquired during the year have not started climate-related reporting but have reported financial key ratios. Therefore, the disclosed GHG intensity includes only companies that reported their GHG emissions for the financial year.

E1-7 GHG removals and GHG mitigation projects financed through carbon credits

E1-8 Internal carbon pricing

We are on a journey in our climate-related work. Many activities remain that will require our attention going forward. Our focus up to now has been to understand and reduce our own and our customers' emissions, but there are opportunities for us to also

start to identify GHG emissions in our value chain, purchase carbon credits or apply internal carbon pricing.

E1-9 Anticipated financial effects from material physical and transition risks and potential climate-related opportunities

We believe that our current climate-related targets are ambitious but they have not yet been validated by an external party. We intend to disclose in more detail the financial effects from climate-related risks and opportunities within the next three years.



ESRS E2 POLLUTION

NIBE GROUP'S IMPACT

NIBE carries on business operations that risk emissions of pollutants into air, water or soil, and 47 of its 100 production companies require environment permits. We have strict controls and processes in place to enable us to continuously reduce pollution and minimize the risk of emissions of hazardous substances to the environment.

NIBE's operations have been assessed as not generating significant emissions of highly hazardous substances that may have a material impact. Our assessment is that our products do not contain large amounts of hazardous substances, so-called substances of high concern, that could lead to emissions, and that use of such substances in our processes is limited. The reason we assess this area as material is that we believe that there is a risk to NIBE relating to the introduction of prohibitions or stricter requirements for specific substances and materials. This type of prohibition or regulation could affect our materials selection and result in increased development costs. Prohibitions or regulations could be introduced as a result of stricter requirements by authorities, customers, law-makers or other relevant parties, and we have already seen some effects of this.

E2-1 Policies related to pollution

NIBE has an environmental policy with associated instructions relating to chemicals that also includes our commitment concerning substances. Relevant stakeholders, including employees and authorities, were taken into consideration in developing the policy. The policy document requires producing companies within the Group to have an environmental management system under ISO 14001 and to comply with national and international legislation. The purpose of this is to ensure that the risk assessment of chemicals is conducted correctly and includes aspects such as use, storage, handling, spillage and waste.

Our Supplier Code of Conduct and our values underline the importance of the precautionary principle in environmental matters. Our suppliers must comply with national and international legislation and take action to minimize the amount of substances of very high concern.

Additionally, we adhere to the substitution principle, which means that, where possible, we should choose materials and chemicals containing less hazardous substances.

E2-2 Actions and resources related to pollution

NIBE is working to minimize the use of substances of concern in both production processes and products. We have historically had good control over the chemicals used in production because we carry out continuous assessment of risks and impacts based on use in production, waste management and risk of pollution. In order to continue and develop our efforts, we have implemented a Group-wide system that collects data on substances in purchased goods from our suppliers. Using this system, data can be validated and updated on a continuous basis, which give us relevant information on which substances are used, together with quantities and where the substances are used. This enables us to identify and minimize the use of hazardous, regulated substances. The system also provides support for monitoring of current and future legislation and is therefore a key action in minimizing our financial risk associated with this area.

METRICS AND TARGETS

E2-3 Targets related to pollution

We have not currently defined any targets for substances of concern or substances of very high concern. However, it is our aim to develop relevant and measurable targets in line with the substitution principle to comply with the Do No Significant Harm (DNSH) criteria for substances in the EU Taxonomy. The Group-wide system will play a key role in this work to be able to continue collecting data and developing the work in line with the existing policy document.

E2-6 Anticipated financial effects from pollution-related impacts, risks and opportunities

Handling of chemicals, materials and substances is a key part of our operations and value chain. This includes both environmental and financial aspects, particularly with regard to potential costs of development and introduction of alternative materials. We have identified a financial risk related to prohibition or regulation of certain substances, which could entail increased costs of more than SEK 250 million. In the coming years we will carry out more detailed assessment of this risk, which could result in our calculations being revised.

At the same time, we believe that the development of products without regulated substances offers a significant opportunity. This could contribute to economic benefits, such as increased sales, while also reducing our environmental impact.



ESRS E3 WATER AND MARINE RESOURCES

NIBE GROUP'S IMPACT

Clean water may be in short supply globally in the future and will therefore become increasingly important. Monitoring of water use is essential for the facilities located in areas in which there is water stress or a risk of water stress. Wastewater from NIBE's operations is relevant from an environmental point of view as metals and organic substances may enter water supply sources.

The majority of NIBE's production facilities are in areas of low water stress. However, we have production facilities in Spain, Turkey, Romania, Mexico, Thailand and Vietnam, where there is high or extreme water stress and where water is used in our processes in some cases.

E3-1 Policies related to water and marine resources

Water use is integrated into several policy documents and supplementary instructions to ensure systematic and responsible work. NIBE's policies and instructions take into account both our impacts, relevant risks and opportunities in the area.

Our climate change policy states that NIBE must carry out climate risk assessments to map risks and opportunities for our operations and suppliers. We must adapt our operations to manage identified climate risks, one of which is water stress. In addition, we should collaborate with external parties, such as trade associations and authorities, on exchange of experiences, technical development and collaboration projects relating to climate risks and climate change adaptation.

In our environmental policy we stress that NIBE's activities should focus on efficient use of water. We work systematically with risk assessments to protect the environment by reducing and preventing water pollution, for example, by ensuring that we have instructions in place for safe handling of chemicals. We also impose relevant environmental requirements on our suppliers, contractors and carriers to ensure that they take a sustainable and systematic approach to environmental initiatives.

In line with our values, we have decided that NIBE's operations should consider the environment in the entire value chain, which means sparing use of natural resources and reduced emissions to water.

Our Supplier Code of Conduct stresses the importance of the precautionary principle in respect of environmental matters. We require our suppliers to prioritize resource efficiency and prevent water pollution.

E3-2 Actions and resources related to water and marine resources

The Group includes companies in areas of high-water stress which use water in their production processes. Currently, actions have been implemented at facility level, but a systematic approach is missing. The action plan for systematic management of these facilities comprises the following elements:

MAPPING

We use an analytics tool to calculate our water resources-related climate risks. These analyses enable us to identify which subsidiaries require further assessment. The analyses shed light on future need for resources and investments, as well as possible actions for managing water stress in the short-, medium- and long-term.

ASSESSMENT OF ACTIONS

In order to ensure that future actions will have the desired effect, an assessment of actions taken previously is needed. For this assessment we can draw on our subsidiaries' experience of managing production operations in areas of extreme or high water stress. We plan to use continuous dialogs with our subsidiaries, local authorities and trade associations to help us identify which actions have been carried out by undertakings themselves and which actions have been implemented by external social actors to manage and mitigate water stress. The aim is to investigate whether we are able to strengthen or further develop existing actions, and to identify new actions that may be required.

ACTIONS TAKEN

No specific water saving measures were reported in the year. This is partly because water was not previously considered material and was therefore not systematically monitored. With the planned action plan, the area will be monitored in a more systematic way in the future.

METRICS AND TARGETS

E3-3 Targets related to water and marine resources

NIBE does not currently have any specific targets related to water and marine resources. In the coming years, we plan to implement an in-depth assessment with the aim of developing targets for subsidiaries with production in areas of extreme or high water stress. The project also includes developing a schedule and prioritization plan.

Once the target has been determined, we will work together with the relevant subsidiaries to realize the target and adapt action plans according to the specific conditions of each subsidiary, while also ensuring that the Group's overarching goals are reached.

E3-4 Water consumption

NIBE has not previously disclosed Group-level data on water recycled and reused or water stored, which is why comparative data from previous years is missing. The information will be presented as a five-year overview when the data is available.

In reporting of water use, each subsidiary discloses how the data has been measured. The following distribution has been identified:

- 64% is based on supplier invoices.
- 23% is based on own estimates.
- 14% is based on measurements using own measuring equipment.

NIBE's water intensity (total water consumption in m³ per SEK million net revenue) is: 0.19.

Data for water recycled and reused and water stored has been obtained from the subsidiaries' own calculations and/or estimates.

E3-5 Anticipated financial effects from water and marine resources-related impacts, risks and opportunities

To be able to reduce our water consumption or use water resources more efficiently in areas of extreme or high water stress, we will be required to undertake investments that have not yet been quantified. Determining whether these effects are material for the Group in the short-, medium- and long-term requires a more thorough assessment of the actions that are possible.

Water consumption (m ³) ²	2024
Total water consumption	7,574
Of which water use in area of extreme water stress	100
Of which water use in area of high water stress	641

Water recycled and reused (m ³) ²	2024
Total water recycled or reused	9,233

Water stored (m ³) ⁴	2024
Total water stored	5,430
Change in total water stored	-

Water withdrawal (m ³)	2024	2023	2022	2021	2020
Total water withdrawal	480,701	482,452	521,014	468,822	419,880
Of which water withdrawn in area of extreme water stress	64,005				
Of which water withdrawn in area of high water stress	99,965				
Water quality, total water withdrawal					
Fresh water (<1,000 mg/l dissolved solids)	417,940	412,524	460,029	381,986	322,536
Other water (>1,000 mg/l dissolved solids)	62,761	69,928	60,985	86,836	97,344

² Water consumption is water that is used and not returned to the environment in its original condition. This could include water for destruction or water used in a final product. Water that evaporates or is purified by third parties and returned to circulation is not counted as water used.

³ The table reports on water and wastewater (purified or unpurified) that has been used more than once, either in the same process or in different processes within the same facility or between facilities, before traveling beyond the boundary of the operation. The water is recorded only once, regardless of how many times it has been reused.

⁴ Water may be stored for different purposes, such as emergency situations in the form of water tanks or sprinkler systems. It can also include water used in production processes and subsequently stored for evaporation or disposal.



ESRS E5 RESOURCE USE AND CIRCULAR ECONOMY

NIBE GROUP'S IMPACT

NIBE is a manufacturing group that uses mostly virgin resources. Our production requires raw materials such as steel, electronic components and other direct materials, which leads to increased resource flows and sometimes also generates hazardous waste. To limit our impact and reduce consumption of virgin materials, we must increase circular flows in the business and collaborate with our stakeholders in the value chain.

NIBE may improve the service life of its products by replacing components and spare parts, which is an important factor in increasing circular flows in our value chain. The opportunities for recycling waste from production depend on the properties of the material and the available technology. In our operations this may mean that some material will be sent to landfill. Many of the countries where our products are manufactured have strict requirements regarding waste management and good opportunities for recycling materials such as steel and corrugated cardboard. However, we have limited insight into the degree of recycling in parts of the value chain, which means that the possibility that a certain proportion of materials is not reused or recycled cannot be excluded.

E5-1 Policies related to resource use and circular economy

NIBE has integrated resource use and waste management into several policy documents and supplementary instructions to ensure systematic and responsible work, and to take into consideration our impacts, risks and opportunities in this area. The documents cover our work with product design and how we improve resource efficiency in both our own production and the value chain.

Our environmental policy states that NIBE must promote resource efficiency by increasing use of reused, recycled and biobased raw materials, while at the same time continuously reducing hazardous waste and landfill from our production facilities. By taking a product's environmental impact into consideration as early as in the design phase, we can create a broad product portfolio in all three business areas that focuses on circularity in the production process without compromising NIBE's high standards of quality.

Our Supplier Code of Conduct stresses the importance of applying the precautionary principle in respect of environmental matters. Suppliers are required to prioritize resource efficiency, minimize waste and maximize recycling.

In line with our values, all employees must consider the environment in the entire value chain, which means using natural resources sparingly and reducing waste volumes.

Our climate policy highlights that we should collaborate with external parties, such as trade associations and authorities, on exchange of experiences, technical development and collaboration projects relating to reduced GHG emissions by means of e.g. increased material efficiency and reduced waste flows.

E5-2 Actions and resources related to resource use and circular economy

ACTIONS TAKEN

Life cycle assessments

The key factors in our circular economy initiatives are product design and resource efficiency, both in our own production processes and in the value chain, and it is our assessment that we can influence and develop these in the future. As part of this work, we have started to conduct life cycle assessments for the majority of our products and we have also implemented projects and collaborations with various suppliers with the aim of increasing the proportion of reused and recycled materials. We expect to intensify this work in the coming years. The outcomes of the life cycle assessments will provide a good understanding of which input components and materials have a high environmental impact. It is also a supplementary tool for mapping circular business models that NIBE may be able to develop within different product segments in the future.

FUTURE ACTIONS

Circular flows

To promote increased circularity, customized solutions are required for different materials and components. Although the proportion of recycled material is important, it is only a part of the overall solutions required to create a more resource-efficient value chain. Further mapping together with suppliers is being carried out to identify efficient methods for increasing circularity in the business. This includes reviewing availability of specific components that may improve opportunities for reuse and repair of products or input components. We expect that the results of mapping may require increased investments or operating costs linked to e.g. different materials selection or an unchanged production.

To further develop our work on the policies previously described, we will also be producing instructions linked to the circular economy, which will include both product design and material efficiency. The instructions are intended to support our subsidiaries in their efforts to integrate circular economy in their ongoing work around product development and design in respect of both new and existing products. This could include integrating a larger proportion of reused, recycled or renewable material in our products.

In 2025, we will carry out internal training initiatives and provide tools to our subsidiaries to enable identification of the materials and components that should be prioritized for replacement or for inclusion in circular flows, the aim being to lower the carbon footprint of products. We consider this to be an essential first step in establishing qualitative and quantitative actions and targets.

Waste management

In the coming years, we plan to intensify our work on minimizing waste generation in the value chain. Our ambition is to develop efficient strategies for waste prevention early on, in the design and production phases, and to ensure resource-efficient use of materials and resources. At the same time, we will optimize our waste management in accordance with the waste hierarchy, where waste prevention and reuse are prioritized over recycling and disposal.

METRICS AND TARGETS

E5-3 Targets related to resource use and circular economy

CIRCULAR FLOWS

We are continuously working to integrate circular flows and resource-efficient solutions in our value chain, from product design and materials selection to production and recycling, in collaboration with upstream and downstream actors. Our aim is to set clear, measurable targets in the coming years.

WASTE MANAGEMENT

With operations in 32 countries, our subsidiaries face different challenges depending on local conditions and infrastructure for waste management and recycling. We strive to create the best possible conditions for management of our production waste in the short-, medium- and long-term. In the coming years, we will be setting relevant and measurable targets according to the waste hierarchy*, with a focus on reducing hazardous waste and waste for landfill and incineration.

* Prevention, Preparing for reuse, Material recycling, Energy recovery and Landfill.

Material use in metric tons	2024	2023	2022	2021	2020
Metals	102,501	151,964	139,209	138,431	115,908
Components and finished products	50,949	99,849	78,017	83,770	69,502
Composites and minerals	12,149	18,814	12,280	17,091	15,954
Plastics	7,093	8,573	8,205	9,462	6,511
Gases	6,424	5,318	6,763	7,633	5,246
Other ¹	2,239	2,811	3,023	2,610	2,201
Packaging materials	16,475	21,649	20,902	23,184	18,946
Total materials used	197,830	308,978	268,399	282,181	234,268
Of which biological material	15,217	19,743			
Percentage biological material	8%	6%			
Of which reused or recycled material²	13,391	15,388			
Percentage reused or recycled material	7%	5%			

¹ Paint, adhesives, chemicals, acids, refrigerants, etc.

² Where a material is both recycled and reused, it has only been included under reused material to avoid double counting.

E5-4 Resource inflows

Our production primarily comprises assembly but also some processing of materials and the primary resource inflow therefore refers to purchases of materials. Metals, components and finished products account for 78% of total purchases of direct materials. The information is gathered from all producing companies.

The operations of around 50% of NIBE Group's companies involve production. Purchased components, such as circuit boards, cables and similar electronic components, may contain critical raw materials and rare earth metals. Steel accounts for the largest proportion of the metals that are purchased, followed by copper. The EU has classified copper as a strategic, but not critical, raw material for societal development.

The proportion of reused or recycled material in our operations mainly comprises metals such as steel and copper. Information on the proportion of recycled and reused material is gathered from our suppliers, but systematic gathering and mapping of this information is a huge task. We will continue to develop this work in the coming years as part of our quality assurance work.

Raw materials and components that contain a large proportion of biological material mainly comprise packaging materials such as corrugated cardboard and wood pallets. We plan to develop mapping of the proportion of certified biological material with the aim of ensuring responsible and verifiable origin.

E5-5 Resource outflows

NIBE Group comprises three business areas with different key products, the expected service life of which varies.

NIBE Climate Solutions is a complete supplier in energy solutions for heating, cooling, hot water, solar energy and ventilation. The products in this segment are to a large degree designed for a long life and reparability. For example, our heat pumps in Europe are certified according to Heat pump Keymark, which means that spare parts come with a 10-year guarantee.

NIBE Element manufactures components for industry and infrastructure, such as heating elements, heating cables and heat exchangers. The products are used in applications where expected service life and reparability vary according to requirements from end-users.

NIBE Stoves manufactures stoves, and the range also includes chimney systems and other accessories. The stoves are designed for a long service life and reparability, with good availability of spare parts.

There are currently no established risk classification systems with regard to reparability or industry average in respect of expected durability for the product groups our products are part of.

The material composition of our products, including the proportion of recycled material, to a large extent aligns with the material inflows disclosed under E5-4 Resource inflows.

Non-hazardous waste (metric tons)	2024	2023	2022	2021	2020
Total non-hazardous waste	31,491	34,202	42,450	46,531	29,001
Reuse	432	582	313	350	751
Recycling	25,363	26,243	28,571	31,475	20,919
Composting	54	36	106	94	84
Energy recovery	2,960	4,137	3,562	3,324	2,858
Non-recycled waste	2,682	3,203	4,949	5,644	4,171
Incineration	226	273	197	205	75
Landfill	2,089	2,413	3,328	4,202	2,955
On-site storage	8	367	286	248	118
Other	358	151	1,138	989	1,023

WASTE MANAGEMENT

NIBE has a broad product portfolio and generates waste flows within its three business areas that reflect the area of application and life cycles of the products. All operations within the Group apply the waste hierarchy and waste from own production is managed in accordance with both local and applicable international legislation. Our subsidiaries have agreements with external waste management companies to ensure that the waste is managed correctly.

The waste from our own operations largely comprises various metals, with steel by far the most common metal. A large proportion of this waste is recycled.

Most of our product segments have waste flows for managing end-of-life products and packaging. We are affiliated with various types of organizations and companies that manage waste flows from e.g. packaging materials and electric products.

The reported weight data for waste has been collected by means of three different methods:

- 13% of the waste is weighed by the company itself.
- 82% of the waste is weighed by the waste management company.
- 5% of the weight of the waste is estimated by the company.

E5-6 Anticipated financial effects from re-source use and circular economy-related impacts, risks and opportunities

We have not yet quantified the financial effects of the opportunities or risks we consider to be related to the circular economy. However, we believe that work on material efficiency is crucial for future value chains and our own manufacturing processes, not only from a climate perspective, but also from an economic perspective in view of the reduced availability of critical and rare raw materials. We believe that development of circular business models is a commercial opportunity, for example, due to increased sales or improved margin, but we also believe it can improve our impact on the environment. Failure to take action will therefore result in financial risks in the form of reduced sales or lower margins.

Hazardous waste (metric tons)	2024	2023	2022	2021	2020
Total hazardous waste	4,395	4,691	3,290	3,509	2,250
Reuse	40	56	55	16	22
Recycling	1,970	2,011	323	441	283
Energy recovery	374	400	109	90	85
Non-recycled waste	2,011	2,225	659	697	1,482
Incineration	154	183	178	166	1,342
Landfill	665	497	467	517	129
On-site storage	22	14	14	14	11
Other	1,170	1,531	1,485	1,568	328

THE EU TAXONOMY

Our long tradition of sustainability work continues to be complemented with work relating to the EU Taxonomy. The purpose of the Taxonomy is to shed light on how large a portion of a company's turnover, capital expenditure (CapEx) and operating expenditure (OpEx) refers to products or services that can significantly contribute to one of the adopted environmental objectives.

Of the adopted environmental objectives, the objectives *Climate change mitigation* and *Transition to a circular economy* are the ones that NIBE Industrier, with its energy-efficient solutions, is primarily covered by.

The EU has chosen to focus on sectors that currently have the biggest impact on climate and the environment, which means that not all activities are Taxonomy-eligible. NIBE Element and NIBE Climate Solutions both have several products that are taxonomy-eligible but NIBE Stoves' products are not.

We have chosen to approach our work on an interpretation of the Taxonomy on the basis of the precautionary principle throughout, and have only assessed products as being eligible where it is clear that this is the case.

BUSINESS AREA NIBE CLIMATE SOLUTIONS

The majority of NIBE Climate Solutions' products are Taxonomy-eligible, covered by activity *3.5 Manufacture of energy efficiency equipment for buildings*. These include our heat pumps, water heaters, ventilation products and district heating products.

We have assessed that only those products that are able to meet all technical screening criteria are covered by the Taxonomy. One example is cooling and ventilation products, where a large proportion of our products are intended for commercial properties such as schools and hotels. Because these products have a higher capacity compared with products intended for non-commercial properties, they are not covered by the energy efficiency regulation referred to in activity 3.5 and are therefore disclosed under item B in the tables.

This approach has been used throughout for all products whose capacity is too high to be covered by the regulations and directives to which the Taxonomy refers. This is despite the fact that the products contribute to increased energy efficiency.

Some companies within Climate Solutions perform installation, repair and servicing of heat pumps. This activity is therefore covered by activity *7.6 Installation, maintenance and repair of renewable energy technologies*. The same assessment is made in the case of companies offering heat pump leasing. All turnover from leasing is included under activity 7.6 as it is not possible to separate the component relating to the heat pump as such and the component relating to installation and servicing. In cases where materials or spare parts are used in connection with installation, maintenance or repair, these are also included in activity 7.6. If the companies are unable to make a distinction between the sale of spare parts in connection with the provision of a service and a sale of stand-alone spare parts, the assumption has been made that all sales of spare parts are to be regarded as stand-alone sales, see 5.2 below.

Activity *5.2 Sale of spare parts* primarily concerns companies within Climate Solutions. In some cases, the companies have no information about whether the spare parts have been used to replace existing parts or are used for new installation. Our overall assessment is that only a small number are used for new installation and therefore the assumption was made that all sales of spare parts are Taxonomy-eligible.

BUSINESS AREA NIBE ELEMENT

The activity descriptions in the Taxonomy do not always cover components, which affects the companies within NIBE Element as they manufacture components, not end-products. We only consider components to be Taxonomy-eligible in cases where the activity description specifically mentions components. An example of an activity that does not mention components is *3.1 Manufacture of renewable energy technologies*, and we have therefore had to conclude that our components for wind power plants are not Taxonomy-eligible.

However, the environmental objective *Climate change mitigation* contains a number of other activities that mention components manufactured by NIBE Element. For example, activity *3.4 Manufacture of batteries*, covering battery heaters, and *3.18 Manufacture of automotive and mobility components*, covering components for fully electric vehicles, such as braking resistors.

Additionally, activity 3.5 also applies to NIBE Element because some of the companies manufacture components that are also installed in household appliances such as ovens and washing machines. However, the technical criteria for activity 3.5 are linked to the performance of the end-product and not that of the component, for example, that household appliances should fall into the highest two populated classes of energy efficiency.

As many of our customers are not located within the EU and are therefore not familiar with this EU regulation, and we do not currently have information about the performance of the end-product, it is difficult for us to report which components within NIBE Element meet these criteria.

BUSINESS AREA NIBE STOVES

Products within NIBE Stoves are not Taxonomy-eligible. All turnover, CapEx and OpEx related to this business area is therefore included in the figures shown under item B in the tables on pages 93-95.

REPORTING POLICIES

Taxonomy reporting covers the companies in which NIBE has a controlling influence, that is, where we have majority ownership, including operations acquired in 2024.

Turnover

Turnover was determined through assessment and classification of taxonomy-eligible products. Where the performance and purpose of products differs, classification has been done at article level. Against the background of the precautionary principle, we have assessed that accessories that are not product-specific are not Taxonomy-eligible.

All companies have reported external turnover to avoid the risk of double counting. The Group's turnover has therefore been determined in the same way as for financial accounting; see Note 4 for further information.

Capital expenditure

Total CapEx consists of property, plant and equipment and intangible assets, acquisitions and leases, see Notes 3 and 14-16. The property, plant and equipment and intangible assets that are taxonomy-eligible refer to investments directly attributable to production of the products that are eligible, or to investments which inherently contribute to one of the set environmental objectives, such as investment in solar panels. In accordance with the precautionary principle, we have decided that all other investments, such as office buildings, IT security and furniture, are not Taxonomy-eligible, irrespective of performance.

For classification of acquisitions, the purpose of the invest-

ment and the companies' current operations have guided our assessment. For the sake of simplicity, leases have been classified based on the sales distribution of each company.

Operating expenditure

Total OpEx comprises non-capitalised expenditure for research and development and repair and maintenance of properties, machinery and other property, plant and equipment that exist in the operations. Research and development has been classified in the same way as classification of property, plant and equipment and intangible assets. For the sake of simplicity, repair and maintenance have been classified based on the sales distribution of each company.

Breakdown of performance indicators

In cases where CapEx and OpEx were attributable to production facilities used in an integrated manner, the breakdown was based on the sales distribution of each company, in the absence of other reliable information. We judged this to be the most fair and reliable approach.

Where sales were classified at article level, no percentage distribution of performance indicators was required.

Companies located outside the EU

For companies that manufacture and sell products outside the EU, we have carried out further mapping of products that can be assessed according to the regulations and directives referred to in the Taxonomy, both in respect of Substantial contribution and DNSH.

Examples of substantial contribution requirements are heat pumps (activity 3.5, h and k), which must either belong to the

two highest energy efficiency classes or use a refrigerant with a GWP value of less than 675, and meet the energy efficiency requirements of the Ecodesign regulation. Against this background, we carried out mapping to establish which heat pumps are taxonomy-eligible and performed measurements to compare their performance with the limit values set out in the regulations referred to in the taxonomy.

Similar work is underway and will continue in the coming year in respect of DNSH criteria. The aim is to be able to establish whether or not operations located outside the EU meet these criteria.

Do no significant harm (DNSH)

As already described, it is mainly activities in sector 3 Manufacture that apply to NIBE Industrier. These activities have DNSH criteria for all the other five environmental objectives but the criteria are not product-specific in the same way as the Substantial contribution criteria. We have therefore made a great effort to ensure we understand the practical implications of these criteria for companies located both within and outside the EU. For companies located outside the EU, please see the information on accounting policies.

During this work, we have been able to confirm that we meet many aspects of these criteria, such as mapping of climate risks and any need for adaptation solutions and identification and management of any water stress areas. However, our products do not currently meet the criteria of Appendix C, point (f). Therefore, all turnover, CapEx and OpEx linked to the activities in sector 3 are reported as not taxonomy-aligned under item A2. The criteria in point (f) are that we must not use in our production, and our products must not contain, substances listed on the Candidate list, except where it is proven that no other suitable, alternative substances or technologies are available on the market.

These criteria mean that the taxonomy is more far-reaching than existing legislation. To be able to provide supporting evidence that an activity complies with Appendix C, thorough mapping of our products and the substances present in the products is required, as are active measures to replace any identified substances where suitable alternative substances or technologies are available on the market.

We have been working on this on an ongoing basis for a number of years, but we will be intensifying this work in the next year in order to be able to ensure alignment with the Taxonomy in future.

Minimum safeguards

We have updated processes and systems on site in order to identify and reduce risks relating to human rights, anti-corruption and labor rights. Work on implementing these processes and systems for our suppliers, customers and partners is ongoing and is being conducted in accordance with the guidelines and principles set out in the UN Global Compact and the OECD.

Nuclear and fossil gas related activities

Nuclear energy related activities

1.	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
2.	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	NO
3.	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	NO

Fossil gas related activities

4.	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NO
5.	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	NO
6.	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	NO



STRATEGY

ESRS 2 SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model

Our goal is for all our employees to thrive, develop and feel committed to their work and their place of work. Our ambition is to ensure that we as a company are perceived as an attractive employer offering numerous opportunities for development.

As a manufacturing group with around 20,500 employees, around 13,000 of which work in production, our own workforce is very important to NIBE. We assess that we have

significant impact on our employees, primarily in terms of health and safety, adequate wages, diversity and opportunities for training and skills development. Work on initiatives relating to impacts also gives us an opportunity to maintain and improve these aspects for our employees on an ongoing basis. Of NIBE's total workforce, only 3% are non-employee workers. These non-employee workers are primarily agency workers.

HEALTH AND SAFETY

Our long-term aim is that NIBE should be a safe workplace with no accidents or ill health. This ambition guides us in our daily work and strategy in the form of a systematic approach involving risk assessments, safety inspections, accident reporting, emergency contingency plans and action plans. The risk of accidents and work-related injuries particularly applies to employees who work in or adjacent to production.

wages applies to all employees, but the risk of unreasonable wages is assessed as particularly critical for our employees in China, Thailand, Vietnam, Malaysia, the USA, Mexico, Turkey, Romania and Serbia. The risk is assessed as applying primarily to production workers.

DIVERSITY

We conduct an international business with significant cultural and social differences, and so it is important for us to have a framework for both diversity and equal treatment. Everyone should have the same development, training and career opportunities, and no one should be discriminated against. Our strategy means that employees should receive equal pay for work of equal value and skill and that the company

ADEQUATE WAGES

We seek to offer our employees competitive wages in relation to geographical region and productivity. Our impact in respect of adequate

Focus area	2024	Performance	Target	Read more
Lost time injury frequency per million hours worked	5.9	<div style="width: 100%; height: 15px; background-color: #2e7d32;"></div>	6.0	page 95

should strive for gender equality. We operate in a relatively male-dominated industry, which means that we need to make an effort to recruit more women to the organization.

TRAINING AND SKILLS DEVELOPMENT OPPORTUNITIES

NIBE's successful history has largely depended on the skill and experience of our employees. Digitization and new technology offer new opportunities to improve production processes and working methods. This entails both challenges and opportunities for our employees to develop new skills that are valuable to them, to NIBE and to our customers. To maintain our global competitiveness, our strategy is to continue to offer adequate skills development to our employees.

HUMAN RIGHTS

Parts of NIBE's operations are located in countries where there is an increased risk of child labor. These countries are Mexico, Turkey, China and Vietnam. Those countries and Malaysia, Thailand and the USA also have an increased risk of forced labor. NIBE takes these risks seriously, but our strong values, preventive work and controls, and the fact that there have been no cases, means that we consider the risk of child and forced labor occurring in our own operations to be low.

IMPACT, RISK AND OPPORTUNITY MANAGEMENT

S1-1 Policies related to own workforce

NIBE has several policies associated with our employees and the material matters we have identified. The policies cover both our own employees and agency workers, and in some cases also our value chain. Our values highlight respect for human rights and good working conditions. Our commitments in respect of good working conditions include offering employees skills development opportunities. We also undertake to pay wages and compensation according to agreements, legislation and regulations, and to reward good performance and exceptional effort.

Subsidiaries in the Group may have their own, local policies relating to employees. These are not covered in this report, and the policies mentioned here apply to the whole Group.

All policies mentioned in S1 are available to employees on the intranet and to everyone on NIBE Group's external website.

NIBE'S VALUES

Our values provide guidance on how NIBE sees issues affecting sustainable development. We have separated them into eight areas that we call our Code of Conduct. Together with our business principles, they form the basis of our business operations. These areas are: human rights, good working conditions, environmental obligations, business conduct, responsible sourcing, product liability, social engagement and transparency.

Our values include several areas relevant to S1 Own workforce. For example, we should treat all employees fairly and with respect, offer a good work environment and opportunities for personal development.

HUMAN RIGHTS POLICY

NIBE's values and human rights policy are based on a number of external international principles and regulations such as the ILO's conventions, the UN guiding principles on human rights, the UN Global Compact and OECD Guidelines for Multinational Enterprises. Our policy and values are part of our commitment to

develop a corporate culture that supports internationally recognized human rights and seeks to avoid complicity in human rights violations. This means that we should respect human rights, including non-discrimination, prohibitions of child labor and forced labor and trafficking in human beings, freedom of association and the right to bargain collectively. Our employees can report anonymously any violations of our values and policy via our whistleblower function, which is described in more detail under G1 Business conduct.

HEALTH AND SAFETY POLICY

The policy requires companies in NIBE Group to have a management system that includes a systematic approach to risk assessments, safety inspections, reporting of accidents and incidents, emergency contingency plans and objectives and action plans.

DIVERSITY AND EQUAL TREATMENT POLICY

The policy states that all employees should be treated with respect and dignity. Diversity includes age, gender, gender identity or expression, ethnic origin, nationality, skin color, disabilities, religion or belief, political opinion and sexual orientation. In our policy we commit to the following:

- Unbiased recruitment, where candidates are selected based on their qualifications, from as broad a recruitment base as possible.
- Focus on performance, where good work performance is appreciated, regardless of individual differences.
- Employee development, where everyone is offered the opportunity to maintain and improve their skills and develop their career.
- Training of managers, enabling them to promote an inclusive corporate culture and prevent discrimination.
- Procedures and systems, facilitating efficient handling of any cases of discrimination and/or harassment.



S1-2 Processes for engaging with own workers and workers' representatives about impacts

The dialog with our employees takes many different forms. Our values should be communicated to all employees in the local language, followed by an ongoing dialog with our subsidiaries and their employees, partly through our sustainability visits and partly through meetings, reports and other ongoing communication. Dialog also takes place locally by means of annual performance and career reviews.

Through our decentralized organization, we can maintain simple organizational structures with an independent operational leadership with a local character. Employee relations are therefore not managed at Group level but locally, at company level. In some cases the dialog is conducted via trade unions or other worker representatives, but otherwise it is conducted directly with the employees.

S1-3 Processes to remediate negative impacts and channels for own workers to raise concerns

Our employees are urged to report departures from NIBE's values to their managers, local HR departments or to forward the matter to other senior managers. Employees may also report to a Group-wide whistleblower service (<https://report.whistleb.com/en/NIBE>), which is set out in our whistleblower policy, see G1. The reporting channel and cases are managed by a third party, which also leads the case investigation. Reports may be made anonymously in the reporter's own language.

In case of deviations from our values or policies, NIBE takes the

appropriate action, partly as redress for the affected persons and partly to prevent repeat occurrences. The actions vary depending on the type and severity of the deviation and are managed within the business or escalated within the organization, where necessary.

At present, we do not examine whether our employees know and trust our procedures for raising and investigating concerns, but we have not received any indications that this is not the case. Other than the whistleblower policy, we also lack policies for how to protect people who use the service from retaliation. This is an area we may need to develop in future.

S1-4 Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions and approaches

HEALTH AND SAFETY

We work systematically to improve health and safety at all our facilities to create safe workplaces and reduce ill-health. Reporting and monitoring takes place quarterly. The sustainability team, together with the business area board, then conducts ongoing dialogs with the subsidiaries, with a focus on companies with a high LTIF (Lost Time Injury Frequency) rate. Work-related injuries can vary greatly depending on the company and the type of production. Action plans are therefore drawn up together with

the responsible persons in each subsidiary. Common actions are training, increased use of personal protective equipment and actions aimed at minimizing risk. As a manufacturing group with many employees, we will always be exposed to a risk of work-related injuries, but we work consciously to minimize this and we can see that our work is paying off because the LTIF trend is falling.

Work on preventing and minimizing risk may in some cases involve a need for investments in e.g. lifting equipment or increased operating costs in the form of personal protective equipment. However, we do not assess this need as significant, but as a natural part of our ongoing work and investments in the business and our employees.

ADEQUATE WAGES, DIVERSITY AND OPPORTUNITIES FOR TRAINING AND SKILLS DEVELOPMENT

NIBE has a decentralized organization, in addition to which impacts and risks differ between the companies in the Group. For this reason, work on adequate wages, diversity and opportunities for training and skills development currently takes place mostly at subsidiary level and not at Group level.

In the coming years we will carry out mapping and further investigate our impact, to enable us to then take well-informed decisions on any needs for actions to reduce impacts and risks. This is described in more detail in S1-5. No specific resources have currently been allocated for management of our material impact.

METRICS AND TARGETS

S1-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

HEALTH AND SAFETY

NIBE’s long-term health and safety goal is to have zero accidents, with a target rate of work-related accidents of fewer than six accidents per year by the end of 2024, which we achieved (see page 91 and table 10). Our new interim target is an accident frequency rate of fewer than four accidents per year by the end of 2030. The measurement refers to the lost time injury frequency rate (LTIF), which measures accidents resulting in at least one day’s lost work after the date of the accident per one million hours worked.

We conduct ongoing dialogs with our stakeholders on the physical and organizational work environment in which we communicate our goals, outcomes and plans for the future, and also hear their views on our work and our objectives.

Goals and outcomes are monitored on a quarterly basis and communicated to each subsidiary and business area board.

Table 1. Number of employees by gender for 2024.

Breakdown by gender	No. of employees
Men	13,359
Women	7,189
Other	2
Not reported	0
Total employees	20,550

Table 2. Proportion of employees with wages below the living wage, %.

%	2024
Canada	14.6
Mexico	0.4
Poland	0.2
Serbia	0.1
USA	5.3

Table 3. Number of employees in countries with at least 50 employees representing at least 10% of its total number of employees.

Country	No. of employees
USA	3,173
Sweden	2,357
Mexico	2,298

Dialogs are conducted with the companies and business area boards to ensure that any necessary actions are taken and the companies receive support for their work.

Our targets include all workers who have performed work in our organization, including non-employees, who are mainly agency workers.

ADEQUATE WAGES, DIVERSITY AND OPPORTUNITIES FOR TRAINING AND SKILLS DEVELOPMENT

To gain a deeper, better understanding, in 2025 we will map and study our impact on wages, diversity and skills development, enabling us to take a decision on whether there is a need for time-bound targets for each area. Currently, there are no such targets.

The area where we believe we have the most insight, in addition to health and safety, is diversity. We operate in a male-dominated industry, which is also reflected in the gender distribution of our management. This is therefore an area on which we are focussing, in order to see how best to achieve a more equal distribution.

Table 4. Number of employees by gender for 2024.

	Woman	Man	Other (*)	Not disclosed	Total
Number of employees	7,189	13,359	2	0	20,550
Number of permanent employees	6,767	12,829	1	0	19,597
Number of temporary employees	413	495	1	0	909
Number of non-guaranteed hours employees	9	35	0	0	44

* Gender as reported by the employees themselves.

Table 5. Employee turnover rate in numbers and percentage.

Employee turnover	2024	2023	2022	2021	2020
Total number	5,750	7,243	6,802	6,971	4,508
%	28	31	31	33	23

S1-6 Characteristics of the undertaking’s employees

The number of employees within NIBE was 20,550 in 2024, with the majority being men. See table 1. Countries where the number of employees accounts for more than 10% of the total workforce are Sweden, the USA and Mexico, see Table 3. The majority of the Group’s employees are full-time, permanent employees, see Table 4.

The number of employees (not full-time equivalent) refers to people who were employed at the end of December 2024 for the companies included in the sustainability report. NIBE did not include companies that were acquired in the reporting year in the figures reported. Data on gender and employment type has been extrapolated from various sources in local HR systems. Employees who were dismissed or resigned were included in the number of employees until the end of their term of employment, regardless of whether or not they were required to work during their notice period.

The employee turnover rate is based on the number of employees (permanent or temporary) who left the company during the year divided by the total number of employees at year-end, see Table 5.

Information on the number of employees in the financial statements is provided in Note 7. The difference is explained by the fact that the financial statements include all companies in the Group, including companies acquired during the year, and that the figures in Note 7 refer to full-time equivalent employees.

Table 6. Information on the number of non-employees.

	2024	2023
Number of non-employees	562	547

Table 7. Gender distribution within the Group, management.

Management		2024	2023	2022	2021	2020
Women	%	23	22	21	21	20
Men	%	77	78	79	79	80
Women	Number	198	194	184	173	158
Men	Number	678	677	681	650	631

Table 8. Age distribution within the Group.

Employees (%)	2024	2023	2022	2021	2020
age <30	18	20	21	21	20
age 30–50	50	51	50	51	52
age >50	32	29	29	28	28

S1-7 Characteristics of non-employee workers in the undertaking's own workforce

The number of non-employees refers to the number of individuals (not FTEs) who were contracted at the end of December 2024 for the companies submitting sustainability reports. The number of non-employees accounts for a relatively small proportion compared with the number of own employees, see Table 6. Data on non-employees has been taken from various sources in local HR systems.

S1-9 Diversity metrics

NIBE's overarching strategy is to create an equal company where everyone has opportunities to develop and compete on equal terms based on their skills and proficiency. We are in a relatively male-dominated industry, which is reflected in the distribution between the number of men and women. It is important to monitor key ratios relating to gender and age distribution in order to be able to take meaningful action. The proportion of women in management increased slightly between 2020 and 2024, see Table 7. Management is defined as the management team for each company within the Group. The number of people in the management team varies depending on the size of the company and whether or not it is a producing company.

Around half of all employees are between 30 and 50 years of age. Around 30% are aged over 50 and the rest are aged under 30. The figures have been relatively constant over time, see Table 8.

S1-10 Adequate wages

We adhere to the laws of each individual country in respect of wages, meaning that our wages are not below statutory minimum

Table 9. The percentage of employees that participated in regular performance and career development reviews, by gender.

	(%)	2024	2023	2022	2021	2020
Women		56	63	65	61	62
Men		61	60	59	60	59
Non-binary gender		50	0	0		

Table 10. Average number of training hours per employee and by gender.

Hours per employee (h)	2024	2023	2022	2021	2020
Women	16	19	16	16	14
Men	14	17	15	14	12
Non-binary gender	14	0	11		

wage levels. However, we operate in some countries and regions where the respective wage benchmarks are below what is deemed to be the living wage in the country or region. The living wage can vary widely between different countries and regions and in some cases can be relatively high, for example in North America. This is illustrated in Table 2, which shows that NIBE has several employees in both the United States and Canada with wages below the living wage, even though the wages are above the statutory minimum wage levels and are considered to be market-based.

S1-13 Training and skills development metrics

Training and skills development is offered to employees at both Group level and subsidiary level. At Group level training is in the form of e-learning in areas such as human rights and anti-corruption, and all employees with a NIBE email address or subsidiary email address must complete the training. The number of training hours shown in Table 10 includes this training, but also all types of training that the respective subsidiaries offer to their employees. Performance and career development reviews, which are shown in Table 9, also include performance reviews used as the basis for setting pay and establishing training plans for employees.

S1-14 Health and safety metrics

Our aim is that all producing companies with more than 100 employees should be certified in respect of their health and safety management systems according to ISO 45001. The others are usually in sales companies with few employees and only offices. Table 11 shows the proportion of employees covered by a health and safety management system and metrics related to injuries and ill health.

The measurement LTIF refers to the lost time injury frequency rate, which measures accidents resulting in at least one day's lost work after the date of the accident per one million hours worked. Our health and safety target is based on this metric. The number of days lost refers to whole day absences and includes all calendar days. However, the value reported for 2024 only refers to the fourth quarter of 2024.

S1-16 Remuneration metrics (pay gap and total remuneration)

The pay gap in Table 12 is expressed as percentage of the average pay level of male employees without any adjustments for factors affecting pay levels, such as skills, age, experience or purchasing power differences between countries. This means that the pay gap is, to a large extent, likely to be due to differences in these factors. To some extent, the pay gap is also explained by the fact that we have a higher proportion of men in leading positions compared with the number of men as a percentage of the total number of employees, which is described in S1-6 and S1-9. Analyzing the pay gap between the genders is therefore an important factor for us in our work relating to diversity and gender balance.

Table 11. Health and safety in relation to injuries and ill health.

	2024	2023	2022	2021	2020
Employees					
Employees covered by a health and safety management system (%)	81				
Companies with >100 employees certified according to ISO 45001 (%)	41	33	28	23	
Number of fatalities due to work-related injuries	0	0	0	0	0
Number of LTIF injuries	223	267	277	262	231
LTIF -frequency per million hours worked	5.9	6.6	6.8	6.8	7.2
Number of recorded injuries	348	285	307	292	261
Recorded injuries per million hours worked	9.2	7.0	7.6	7.5	8.1
Number of hours worked (thousand)	37,913	40,508	40,466	38,752	32,129
Number of days lost to work-related injuries	1,090				
Fatalities - work-related ill health	0	0	0	0	0
Recorded cases of ill health	15	44	22	62	65
Number of days lost to ill health	726				
Non-employees					
Fatalities - work-related injuries	0	0	0	0	0
Fatalities - work-related ill health	0	0	0	0	0

Table 12. Gender pay gap as a percentage of the pay level of male employees.

%	2024
Unadjusted gender pay gap	22.6

Table 13. The annual total remuneration ratio of the CEO in relation to the median value for all employees.

	2024
Remuneration ratio of the CEO	26.7

ESRS S2 WORKERS IN THE VALUE CHAIN

NIBE GROUP'S IMPACT

NIBE operates in around 30 countries and in environments in which unethical business practices and infringements of human rights may occur. We collaborate with a large number of suppliers and the value chains are often complex. Our requirements in respect of our suppliers and sub-suppliers affect employees throughout the value chain and we want to make sure we take responsibility for creating secure and just jobs without forced labor and harassment.

STRATEGY

ESRS 2 SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model

We support a just transition by requiring decent work in our value chain. For us, this means jobs offering fair wages, voluntary and secure employment, safe working conditions and a work environment where employees have freedom of expression without risk of discrimination or retaliation. We also want to safeguard their freedom of association, regardless of where they are located in the value chain.

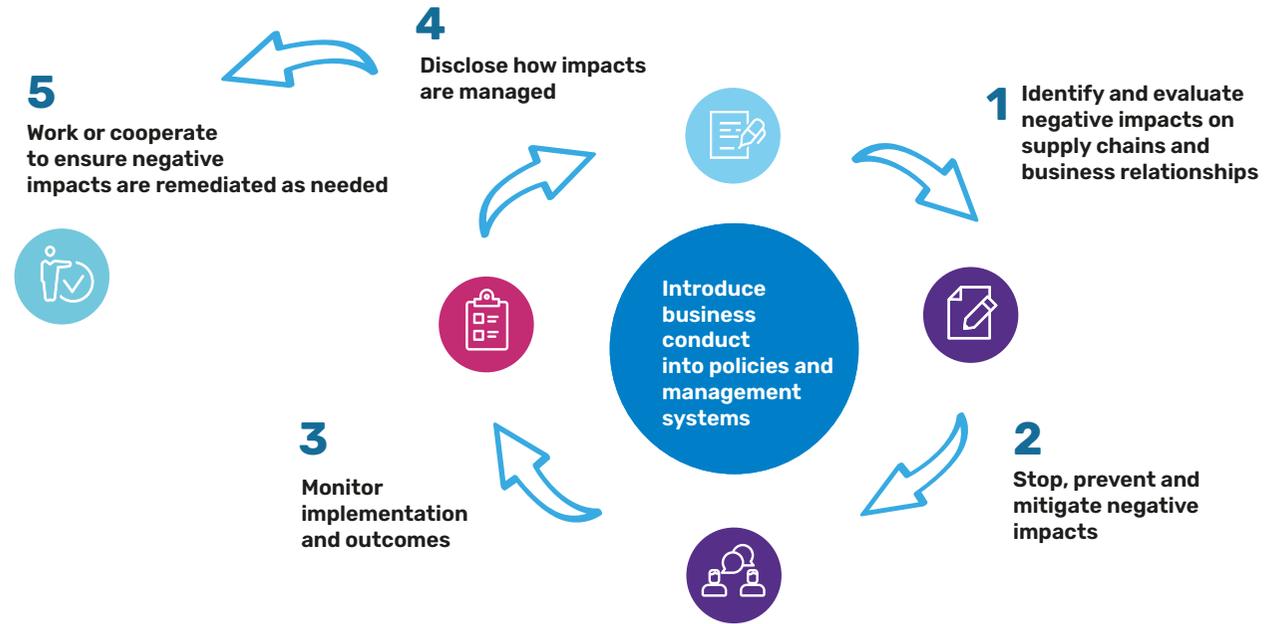
In the assessment of our impact, we have assessed both the downstream and upstream value chain. Our conclusion is that the largest risks are upstream, in our supply chain for materials, components and products. We are determined to manage these risks and to take proactive measures to create positive change.

Our strategy means that we carry out risk assessments and evaluate our suppliers to identify improvements our suppliers may need to carry out with respect to their workers. To help us, we have a third-party system in place, and we are working according to the due diligence process visualized on the next page.

Within the Group, purchasing is largely decentralised, with NIBE's subsidiaries sourcing materials, components, products, transport and services from suppliers all over the world. Our supply chains are largely located where the major manufacturing units are located, i.e. in Europe and North America.

Production of raw materials and electronics is assessed as having the largest impact on workers in the value chain, primarily in the following areas:

- the risk of forced labor and child labor
- equal treatment and opportunities for all
- health and safety



FORCED LABOR AND CHILD LABOR

Raw materials extraction workers

The largest risk of negative impact in the value chain relates to extraction of ore, stone and minerals. Here, workers are at risk of child labor, forced labor and discrimination, while health and safety is not a priority. There are few labor rights for mine workers. Geographically, the mines are usually located in China and in various countries in Africa. We do not have detailed knowledge of this complex part of the value chain, which makes our impact difficult to assess. What is known is that economic vulnerability entails a risk of children going to work instead of school, women being subjected to harassment and workers being forced to move to the area, subjected to violence and forced to work.

To contribute to a positive development, we are striving to ensure that the mines and smelting plants our suppliers purchase materials from should be controlled and approved by means of external systems and certifications, see Supplier evaluation under S2-4 for more information about this work.

Workers in manufacture of electronics and electronic components

Many of our products, such as circuit boards and solar panels, contain electronic components. Production of these components is exposed to risk of forced labor, forced displacement and discrimination of e.g. ethnic minorities, indigenous peoples and migrant workers. Geographically, this production is located in China, Vietnam and Malaysia.

In our supplier evaluation, we identify which suppliers and sub-suppliers work in these high-risk areas. In our requirements specification process we carry out risk assessment of suppliers and follow up compliance via both unannounced and arranged supplier visits and audits.

Equal treatment and opportunities for all

There are risks associated with equal treatment and opportunities for all in the first production phase in the value chain, depending on where the components are manufactured. However, in general we do not operate in sectors exposed to the highest risks. A higher risk of discrimination of workers exists in around 14 of the 60 countries in which we have operations. Discrimination can lead to social disparities, for example, through unequal pay for equal work, limited training opportunities and lack of diversity. There is also a risk of violence and harassment. Higher risk countries include India, Vietnam, Malaysia, China and Thailand in Asia, Turkey in Europe and Mexico in North America.

We can have a positive impact in our value chain through strict control of new and existing suppliers, particularly in areas that have higher risk and are less likely to uphold the rule of law. This means that we assess suppliers' ethics, compliance, and guidelines during evaluations, audits and visits. We ensure that they comply with our Supplier Code of Conduct, which ensures decent work and working conditions for their workers. We also work to prevent discrimination and forced labor, including the protection of ethnic minorities and migrant workers.

Health and safety

Health and safety is a key part of our work to ensure safe working conditions for workers in our supply chain. It is important that workers have the correct personal protective equipment for the work they perform, the correct tools and equipment, and the training required to be able to perform the work safely. There is a risk of accidents and injuries in all work, but some workers are more exposed, particularly in production. Work involving chemicals, heavy lifting, electrical work and hot works are areas where the risk is higher. These risks occur all over the world, but geographically the risks are higher in:

Asia: India, China, Malaysia, Thailand

Europe: Romania, Turkey

North America: Mexico

We can make a positive contribution if, in our evaluations and during site visits, we check that suppliers have risk assessment in place and that personal protective equipment is available and provided by the company free of charge.

IMPACT, RISK AND OPPORTUNITY MANAGEMENT

S2-1 Policies related to value chain workers

NIBE has developed a number of policies and other guiding documents related to social conditions in the value chain. The policies apply to all workers in the value chain.

Description of relevant policies

OUR VALUES

Our values provide guidance on how NIBE sees issues affecting sustainable development. We have separated them into eight areas that we call our Code of Conduct. Together with our business principles, they form the basis of our business operations. These areas are: human rights, good working conditions, environmental obligations, business conduct, responsible sourcing, product liability, social engagement and transparency.

Our values include several areas relevant to S2 – Workers in the value chain. Among other things, they set out our approach to responsible sourcing and require suppliers to comply with our Code of Conduct. The values also state that we do not permit child labor, illegal labor or forced labor.

SUPPLIER CODE OF CONDUCT

We have developed a Supplier Code of Conduct that should be considered to be an integral part of all agreements regulating the relationships between NIBE and suppliers. This Code forms the basis for our collaboration with our business partners and establishes that we collaborate with suppliers who contribute to our sustainability profile and share our ethical standards. The policy stresses the importance of suppliers and sub-suppliers complying with local laws and the UN Global Compact and ensuring respect for human rights. Child labor, forced labor, discrimination and corruption are prohibited. Suppliers must also safeguard health and safety and comply with environmental performance criteria by ensuring efficient use of resources, minimizing waste and preventing pollution. Suppliers are encouraged to review their own sub-suppliers and monitor these to ensure compliance with this Code of Conduct.



POLICY FOR RESPONSIBLE SOURCING

The policy describes our statement on and commitment to ethical sourcing. This means that we identify, counteract and take action on risks of corruption, infringements of human rights and workers' rights in our value chain. The policy covers materials suppliers as well as transport and service. All suppliers are expected to comply with legislation and the ten principles of the UN Global Compact. Supplier should have appropriate health and safety procedures in place and follow up that the work relating to this is being carried out satisfactorily. If action is not taken to remedy any identified shortcomings, the contract may be terminated. If we find that we have contributed to an accident, we undertake to remedy it or provide compensation.

HUMAN RIGHTS POLICY

Our human rights policy is based on the UN Universal Declaration of Human Rights, the UN Guiding Principles, the OECD's Guidelines and the ILO's Core Conventions. The policy aims to create a culture that respects human rights and avoids violations throughout the entire value chain. It includes labor rights, including non-dis-

crimination and prohibition of child labor and forced labor, and requires suppliers to adhere to the same principles. Respect for local communities and engagement with social improvement measures are key issues.

POLICY FOR SEXUAL EXPLOITATION AND ABUSE

This policy describes NIBE's zero tolerance approach to sexual exploitation and abuse, and our commitment to prevent and manage such incidents. The policy expressly prohibits sexual exploitation, abuse and sexual activity with a child. We undertake to ensure compliance through increased awareness, supervisory mechanisms and rapid investigation of any reported cases. Violations of the policy will lead to strict actions, including disciplinary procedures or termination of contract.

STANCE AGAINST MODERN SLAVERY

The statement describes NIBE's commitment to respect internationally recognized human rights and ensure that these are not violated. NIBE undertakes to uphold principles of non-discrimination, elimination of child labor and forced labor, freedom of association and safe working conditions. Since 2014 we have been a signatory to the UN Global Compact and adhere to current international standards, such as the ILO conventions and the UN Convention on the Rights of the Child. Suppliers are expected to adhere to NIBE's values and Code of Conduct, including environmental and social requirements, and to communicate these to their employees and sub-suppliers. To ensure compliance, we use self-evaluations, audits and employee training.

CONFLICT MINERALS POLICY

This policy covers NIBE's commitment to prevent use of conflict minerals in its products. We strive to identify and avoid conflict minerals that originate in conflict mines in the Democratic Republic of Congo and bordering states. We require our suppliers



to ensure chain of custody and compliance with OECD Guidelines, and to include this requirement in their Code of Conduct and purchasing terms and conditions. Suppliers are expected to implement a policy for conflict minerals and to carry out due diligence to verify the origin of minerals.

Management of policies

All policies and statements are available on our website nibe.com. Suppliers also receive our business principles and our values in book format.

Monitoring is done via our system for third party review. In 2024 we did not identify any violations of the UN Guiding Principles on Business and Human Rights, the ILO Declaration on Fundamental Rights At Work or the OECD Guidelines for Multinational Enterprises that involved workers.

Currently, our policies lack a description of relationships with workers. Responsibility for our policies is described in ESRS 2, GOV-2.

S2-2 Processes for engaging with value chain workers

NIBE has a mainly decentralised sourcing system at subsidiary level. Evaluations and inspections of the value chain are carried out locally and are not managed by the Group. In many cases we have our own companies in countries where we have suppliers, which gives us good insight into workers' situation, including persons in vulnerable situations such as migrants, children, women and various ethnic minorities.

We also use information from various non-profit organizations and reports to assess risks and situations. Examples of these include UNICEF concerning child labor, Global Slavery Index and US Trafficking in Persons Report for trafficking in human beings and International Trade Union Confederation Global Workers

Rights Index and Living Wage Indicator and Estimates Reports for working conditions.

Our process for engaging with workers in our material areas involves several steps:

- Initial and ongoing visits: During these visits, we speak to workers or their representatives to identify any aspects of concern. Visits may be linked to changes in the business or other business-related discussions.
- Follow-up of corrective actions: During follow-up of actions identified during evaluations, we speak to several operators or their representatives, or in some cases via trade unions.
- Sustainability audits: During both initial and periodic audits, we conduct dialogs with several operators or their representatives.

We have framework agreements with suppliers and our supplier Code of Conduct is an integral part of these agreements. However, our agreements do not include requirements for membership of global trade unions. Currently, we do not have an established method for evaluating how engaging with workers leads to concrete results.

S2-3 Processes to remediate negative impacts and channels for value chain workers to raise concerns

Our guidelines stipulate that if we identify that we have caused or contributed to a negative impact on human rights in our value chain, we will take action to facilitate an appropriate solution. Currently, we do not have a defined procedure for evaluating an action is adequate. This is due to the fact that we have not so far identified any cases where such action has been necessary, but a procedure will be initiated during 2025. The main contact methods for value chain workers to inform us of problems or needs is in connection with our visits, audits or via contact with representatives from our company.

IMPACT, RISK AND OPPORTUNITY MANAGEMENT

If we receive reports, these will be handled in accordance with NIBE's whistleblower policy, which guarantees protection for the person reporting. This includes ensuring anonymity and preventing the person from being at risk of losing their job or otherwise put at a disadvantage. Read more about our whistleblower function in the sections S1-3 and G1-1.

S2-4 Actions and approaches related to value chain workers

SUPPLIER EVALUATION

Suppliers shall be evaluated for their management of risks relating to human rights and labor rights. Specific priority should be given to suppliers who operate in high-risk countries and high-risk industries, and these are evaluated in our third-party systems¹. Existing suppliers in these high-risk areas should have started the process in our new third-party system by 2026. New suppliers in high-risk areas must undergo evaluation before entering into a commercial partnership.

The EcoVadis evaluation system includes, in addition to an extensive questionnaire, a monitoring function known as "360°". This function monitors whether suppliers are mentioned in news media, sanctions lists or court orders, both in a positive and negative light. If we receive indications that a supplier is not adhering to our Code of Conduct, we will contact the supplier to gain a better understanding of the situation and verify if the information is correct.

¹ We use the following systems: 1) Maplecroft Verisk – Global Risk index data program. 2) Worldfavor – ESG System for evaluation and compliance. 3) EcoVadis – Risk and Compliance system within ESG.

Further up in the value chain we monitor risks via reports from non-profit organizations and other actors, to drive improvement in areas such as child labor, forced labor and health and safety in mining. We have, for example, decided to use Responsible Minerals Initiatives (RMI) templates for reporting and follow-up. RMI specializes in mines extracting minerals classified as conflict minerals. RMI shows which smelting plants have process and procedures to ensure that there are no occurrences of forced labor, child labor or trafficking in human beings, and to ensure good working conditions. We also follow reports from UNICEF on child labor, Global Slavery Index, US Trafficking in Persons Report and the ITUC Global Workers Rights Index.

RESOURCES

No centralized financial resources have been allocated in addition to the third party systems mentioned above. Necessary resources are made available by each subsidiary.

ACTIONS

In the evaluation of suppliers, most actions have focused on risk assessments of health and safety in production and on sub-suppliers whose policies fail to meet our requirements. Each subsidiary develops action plans together with suppliers, which are followed up to ensure compliance with requirements and regulations. We did not identify any cases requiring compensation in 2024.

Work is underway on developing microtraining in human rights and labor rights. This training aims to increase awareness and understanding of requirements and should be made available to our suppliers. This training may also contribute to future suppliers managing risks already before they enter our value chain.

TARGETS

S2-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

In 2024, we have included more steps in our value chain than the suppliers of direct materials that we focused on previously. This means we will need to assess risks within the new supplier areas in 2025.

One remaining objective is that all new suppliers of direct materials should be evaluated in our third party system. EcoVadis is now able to produce more specific data, which is also more representative of the industries in which our suppliers operate. This means that in 2025 we will need to evaluate which additional targets or metrics, if any, we should use for our material areas.

GOVERNANCE

ESRS G1

BUSINESS CONDUCT

NIBE GROUP'S IMPACT

A healthy corporate culture characterized by transparency, integrity and accountability is crucial in order to prevent, detect and react to failure to comply with both laws and our values and policies. In an international group it is of utmost importance to actively counteract the risk of corruption or other irregularities. NIBE is therefore continuously working to promote responsible business conduct among our employees, in respect of customers and suppliers, and in the communities in which we operate. Our values underpin this work.

G1-1 Business conduct policies and corporate culture

NIBE is an international company with many employees and we therefore set great store by our work on anti-corruption and prohibited restraint of trade. Our values and business principles entail zero tolerance of all forms of corruption and apply to all parts of our business, including our business partners. We have two policies related to business conduct and corporate culture, in addition to our values.

ANTI-CORRUPTION POLICY

The policy highlights the importance of complying with legislation and adhering to business ethics. It also includes a prohibition on all forms of corruption for own benefit or that of the company. This applies regardless of whether gifts are of monetary value or not.

WHISTLEBLOWER POLICY AND ASSOCIATED WHISTLEBLOWER FUNCTION

The policy aims to achieve and maintain an open business climate and high standards of business ethics. It is incumbent on our employees to report suspected or known violations either to the relevant manager or via our whistleblower function. All reports must be processed and investigated by an independent third party with relevant training and skills, and total anonymity is guaranteed. The CEO or Managing Director of the local subsidiary is informed if the service is used. Should the matter concern the Managing Director, the Chairman will be informed. Statistics and short report on the cases are reported annually to the Board of Directors of NIBE Group. Employees are urged to report other departures from NIBE's values to their managers, local HR departments or other senior managers within the organization.

POLICY FOR BUSINESS RELATIONSHIPS

The policy establishes that sanctions adopted under international law, EU law or national legislation and which apply to specific products, business sectors or named individuals must be followed. The policy defines a minimum level for the actions and procedures that must be in place in each subsidiary in respect of these types of restrictions. The policy also includes instructions, guidelines and other practical advice on how to act when we do business in countries subject to sanctions.

G1-2 Management of relationships with suppliers

NIBE's work on responsible sourcing is designed to ensure that our ethical guidelines are followed by suppliers and sub-suppliers. The work forms part of the supplier evaluation and comprises

areas such as health and safety, the environment, human rights, product legislation and ethical guidelines. For more information on our risk assessment and policies for this area, see S2 Workers in the value chain.

According to our guidelines, we should always strive to apply good business ethics, which means we should be honest, treat our business partners with respect and comply with the agreements we have entered into in respect of e.g. terms of payment.

G1-3 Prevention and detection of corruption and bribery

Employees with email, Group management and Board members are considered to be most exposed to attempted corruption and bribery and therefore undergo anti-corruption training every two years via NIBE’s digital training platform. The training is part of our preventive work and covers:

- various forms of corruption and bribery
- NIBE’s values
- policies linked to this issue
- the risks that exist
- the consequences of corruption and bribery for both individuals, NIBE, our business partners and society at large.

The training has been translated into 20 languages to ensure that the persons concerned understand the meaning and are able to act in line with our values and policies, see Table 1. In addition to the training, all employees and Board members receive information about NIBE’s anti-corruption and anti-bribery statement via our values.

NIBE has a screening tool to prevent, detect and manage incidents involving corruption and bribery involving customers and other business partners. The tool has been developed externally and is managed at Group level to ensure independence. The process includes screening on the basis of sanctions, watch lists, politically exposed persons (PEP) and adverse media screening that includes incidents of bribery and corruption. The screening is based on our policy for business relationships and focuses on customers or other business partners who are located in, or have links to, high-risk countries. On completion of screening, any action will be taken in consultation with the subsidiary concerned, and if necessary, the matter will be escalated to the head of business area and the relevant manager in NIBE Group.

Preventive action on bribery and corruption is a natural part of our daily work and we assess that this work will continue without any material need for increased costs or investments.

Table 1. Number of employees and Board members who received anti-corruption training.

Anti-corruption training	2024	2023	2022	2021	2020
Administrative workers	5,919	5,985	5,663	6,346	5,549
Members of the Board	117	49	19	60	
Total	6,036	6,034	5,682	6,406	5,549

Table 2. NIBE’s contributions and sponsorships in SEK million.

Contributions and sponsorship	2024	2023	2022	2021	2020
Sponsorships of culture, sports, health and young people	9.8	8.1	13.4	2.8	3.3
Political contributions	0	0	0	0	0

METRICS AND TARGETS

G1-4 Incidents of corruption or bribery

We did not have any confirmed cases of corruption and bribery in the reporting year and consequently no convictions.

G1-5 Political influence and lobbying activities

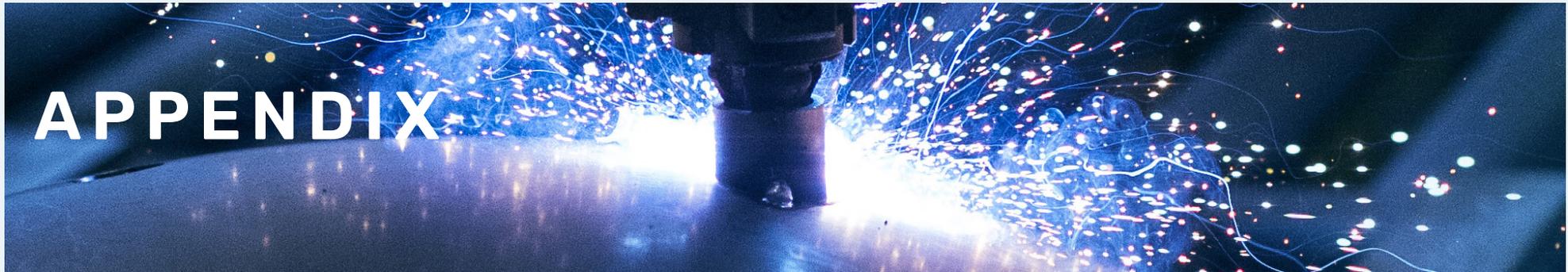
We want to support the local communities in which we operate and therefore prioritize contributions and sponsorship agreements that benefit these. We prioritize agreements that support our values and strengthen our relationships with customers and partners. We do not contribute to or become involved with political parties, politicians or political organizations, either financially or otherwise, see Table 2. None of the members of the Board or management team of NIBE Group holds, or has held, a similar position with an authority or supervisory authority in the last two years.

On the contrary, NIBE takes an active approach to being a positive force in the transition to a more energy-efficient and fossil-free society. This work primarily takes the form of memberships of various trade associations both nationally and internationally, but also via direct contact with the EU Commission. Management is ultimately responsible and debriefing takes place on an ongoing basis.

Through trade associations such as EHPA (European Heat Pump Association), GeoExchange Coalition and Eurovent, NIBE is involved in developing new legislation and standards that impact our product portfolios, supports the association in communications with the relevant authorities and receives important information.

Where we have direct contact with policy makers, such as the European Commission, this is aimed at driving the transition on a scientific basis. For example, NIBE’s efforts to ensure fossil gas boilers are subject to stricter requirements under Ecodesign are linked to its energy labeling. In another example, we have worked with a university and a national industry organization to produce a study showing how much free cooling a ground source heat pump can provide. The aim of the study has been to make this information visible in the energy labeling of these products. Neither NIBE Industrier or any of our subsidiaries are themselves included in the EU Transparency Register or similar transparency registers in a Member State.

An important part of our work on impacts is participation in national as well as international research projects. These projects are usually led by seats of learning or research institutions and we can contribute as a reference group, technical experts or by providing products or components.



IRO-2 Disclosure requirements in the sustainability statement

The following tables list all ESRS disclosure requirements included in this sustainability statement. Biodiversity (E4), Affected Communities (S3) and Consumers and end-users (S4) are excluded because these topics were assessed as not material in the materiality assessment. All ESRS 2 disclosure requirements are obligatory and are therefore included.

S = Sustainability report, CGR = Corporate governance report, DR = Disclosure requirement

ESRS 2 GENERAL DISCLOSURES

DR	Description	Section / report	Page	Additional information
BASIS FOR PREPARATION				
BP-1	General basis for preparation of sustainability statements	S	63	
BP-2	Disclosures in relation to specific circumstances	S	63	
GOVERNANCE				
GOV-1	Role of administrative, management and supervisory bodies	S	64	
GOV-2	Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	S, CGR	65	
GOV-3	Integration of sustainability-related performance in incentive schemes	S	65	
GOV-4	Statement on due diligence	S	65	
GOV-5	Risk management and internal controls over sustainability reporting	S	65	
STRATEGY				
SBM-1	Strategy, business model and value chain	S	66-67	
SBM-2	Interests and views of stakeholders	S	68	
SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	S	69-70	
IMPACT, RISK AND OPPORTUNITY MANAGEMENT				
IRO-1	Description of the processes to identify and assess material impacts, risks and opportunities	S	74-78	
IRO-2	Disclosure requirements in ESRS covered by the undertaking's sustainability statement	S	109-113	

ESRS E1 CLIMATE CHANGE

DR	Description	Section / report	Page	Additional information
GOVERNANCE				
ESRS 2 GOV-3	Integration of sustainability-related performance in incentive schemes	S	65	
STRATEGY				
E1-1	Transition plan for climate change mitigation	S	80, 92–96	
ESRS 2 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	S	75–77	
IMPACT, RISK AND OPPORTUNITY MANAGEMENT				
E1-2	Policies related to climate change mitigation and adaptation	S	81	
E1-3	Actions and resources in relation to climate change policies	S	81, 92–96	
METRICS AND TARGETS				
E1-4	Targets related to climate change mitigation and adaptation	S	82–83	
E1-5	Energy consumption and mix	S	83	
E1-6	Gross Scopes 1, 2, 3 and Total GHG emissions	S	84–85	
E1-7	GHG removals and GHG mitigation projects financed through carbon credits	S	85	
E1-8	Internal carbon pricing	S	85	
E1-9	Anticipated financial effects from material physical and transition risks and potential climate-related opportunities	S	85	

ESRS E2 POLLUTION

DR	Description	Section / report	Page	Additional information
IMPACT, RISK AND OPPORTUNITY MANAGEMENT				
E2-1	Policies related to pollution	S	86	
E2-2	Actions and resources related to pollution	S	86	
METRICS AND TARGETS				
E2-3	Targets related to pollution	S	86	
E2-4	Pollution of air, water and soil	Omitted	–	Not material
E2-5	Substances of concern and substances of very high concern	Omitted	–	Not material
E2-6	Anticipated financial effects from pollution-related impacts risks and opportunities	S	86	

ESRS E3 – WATER AND MARINE RESOURCES

DR	Description	Section / report	Page	Additional information
IMPACT, RISK AND OPPORTUNITY MANAGEMENT				
E3-1	Policies related to water and marine resources	S	87	
E3-2	Actions and resources related to water and marine resources	S	87	
METRICS AND TARGETS				
E3-3	Targets related to water and marine resources	S	88	
E3-4	Water consumption.	S	88	
E3-5	Anticipated financial effects from water and marine resources-related impacts, risks and opportunities	S	88	

ESRS E5 – RESOURCE USE AND CIRCULAR ECONOMY

DR	Description	Section / report	Page	Additional information
IMPACT, RISK AND OPPORTUNITY MANAGEMENT				
E5-1	Policies related to resource use and circular economy	S	89	
E5-2	Actions and resources related to resource use and circular economy	S	89-90	
METRICS AND TARGETS				
E5-3	Targets related to resource use and circular economy	S	90	
E5-4	Resource inflows	S	90	
E5-5	Resource outflows	S	91	
E5-6	Anticipated financial effects from resource use and circular economy-related impacts, risks and opportunities	S	91	

ESRS S1 OWN WORKFORCE

DR	Description	Section / report	Page	Additional information
STRATEGY				
ESRS 2 SBM-2	Interests and views of stakeholders	S	68	
ESRS 2 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	S	97	
IMPACT, RISK AND OPPORTUNITY MANAGEMENT				
S1-1	Policies related to own workforce	S	98	
S1-2	Processes for engaging with own workers and workers' representatives about impacts	S	98	
S1-3	Processes to remediate negative impacts and channels for own workers to raise concerns	S	98–99	
S1-4	Taking action on material impacts and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions and approaches	S	99	
METRICS AND TARGETS				
S1-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	S	99	
S1-6	Characteristics of the undertaking's employees	S	100	
S1-7	Characteristics of non-employee workers in the undertaking's own workforce	S	100	
S1-8	Collective bargaining coverage and social dialogue	Omitted	–	Not material
S1-9	Diversity metrics	S	100–101	
S1-10	Adequate wages	S	100–101	
S1-11	Social protection	Omitted	–	Not material
S1-12	Persons with disabilities	Omitted	–	Not material
S1-13	Training and skills development metrics	S	100–101	
S1-14	Health and safety metrics	S	101	
S1-15	Work-life balance metrics	Omitted	–	Not material
S1-16	Remuneration metrics (pay gap and total remuneration)	S	101	
S1-17	Incidents, complaints and severe human rights impacts	Omitted	–	Not material

ESRS S2 WORKERS IN THE VALUE CHAIN

DR	Description	Section / report	Page	Additional information
STRATEGY				
ESRS 2 SBM-2	Interests and views of stakeholders	S	68	
ESRS 2 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	S	102–103	
IMPACT, RISK AND OPPORTUNITY MANAGEMENT				
S2-1	Policies related to value chain workers	S	104–105	
S2-2	Processes for engaging with value chain workers about impacts	S	105	
S2-3	Processes to remediate negative impacts and channels for value chain workers to raise concerns	S	105	
S2-4	Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions	S	106	
METRICS AND TARGETS				
S2-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	S	106	

ESRS G1 BUSINESS CONDUCT

DR	Description	Section / report	Page	Additional information
GOVERNANCE				
ESRS 2 GOV-1	Interests and views of stakeholders	S	64	
IMPACT, RISK AND OPPORTUNITY MANAGEMENT				
G1-1	Business conduct policies and corporate culture	S	107	
G1-2	Management of relationships with suppliers	S	107	
G1-3	Prevention and detection of corruption and bribery	S	108	
METRICS AND TARGETS				
G1-4	Confirmed incidents of corruption or bribery	S	108	
G1-5	Political influence and lobbying activities	S	108	
G1-6	Payment practices	Omitted	-	Not material

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Assessment of the material information to be disclosed in the sustainability statement

The materiality assessment performed by NIBE resulted in a list of material sub-sub-topics. Material disclosure requirements and datapoints were determined on the basis of these material sub-sub-topics and the documented information used for the assessment. The selection process also took into consideration the users of the report to enable them to understand the company’s impact and to make informed decisions.

Index of Datapoints derived from other EU legislation

The following table shows an index of datapoints derived from other EU legislation and a description of whether or not they are deemed relevant to NIBE. The EU legislation to which these datapoints relate are the SFDR, Pillar 3, the Benchmark Regulation and EU Climate Law. Detailed references can be found in Delegated Regulation 2023/2772¹ ESRS 2, Appendix B.

¹ 2023/2772, COMMISSION DELEGATED REGULATION (EU) 2023/2772 of 31 July 2023 supplementing Directive 2013/34/EU of the European Parliament and of the Council as regards sustainability reporting standards

DISCLOSURE REQUIREMENT AND RELATED DATAPPOINT	SECTION	PAGE	MATERIALITY
ESRS 2 GOV-1 Board’s gender diversity paragraph 21 (d)	S	64	
ESRS 2 GOV-1 Percentage of board members who are independent paragraph 21 (e)	S	64	
ESRS 2 GOV-4 Statement on due diligence paragraph 30	S	65	
ESRS 2 SBM-1 Involvement in activities related to fossil fuel activities paragraph 40 (d) i	S	96	
ESRS 2 SBM-1 Involvement in activities related to chemical production paragraph 40 (d) ii			Not material
ESRS 2 SBM-1 Involvement in activities related to controversial weapons paragraph 40 (d) iii			Not material

DISCLOSURE REQUIREMENT AND RELATED DATAPPOINT	SECTION	PAGE	MATERIALITY
ESRS 2 SBM-1 Involvement in activities related to cultivation and production of tobacco paragraph 40 (d) iv			Not material
ESRS E1-1 Transition plan to reach climate neutrality by 2050 paragraph 14	S	80	
ESRS E1-1 Undertakings excluded from Paris-aligned Benchmarks paragraph 16 (g)	S	80	
ESRS E1-4 GHG emission reduction targets paragraph 34	S	82	
ESRS E1-5 Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors) paragraph 38	S	83	
ESRS E1-5 Energy consumption and mix paragraph 37	S	83	
ESRS E1-5 Energy intensity associated with activities in high climate impact sectors paragraphs 40–43	S	83	
ESRS E1-6 Gross Scopes 1, 2, 3 and Total GHG emissions paragraph 44	S	84	
ESRS E1-6 Gross GHG emissions intensity paragraphs 53–55	S	85	
ESRS E1-7 GHG removals and carbon credits paragraph 56	S	85	
ESRS E1-9 Exposure of the benchmark portfolio to climate-related physical risks paragraph 66			Not disclosed
ESRS E1-9 Disaggregation of monetary amounts by acute and chronic physical risks paragraph 66 (a)			Not disclosed
ESRS E1-9 Location of significant assets at material physical risks paragraph 66 (c)			
ESRS E1-9 Breakdown of the carrying value of its real estate assets by energy-efficiency classes paragraph 67 (c)			Not disclosed
ESRS E1-9 Degree of exposure of the portfolio to climate-related opportunities paragraph 69			Not disclosed
ESRS E2-4 Amount of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil paragraph 28			Not material
ESRS E3-1 Water and marine resources paragraph 9	S	87	
ESRS E3-1 Dedicated policy paragraph 13			Not material
ESRS E3-1 Sustainable oceans and seas paragraph 14			Not material
ESRS E3-4 Total water recycled and reused paragraph 28 (c)	S	88	
ESRS E3-4 Total water consumption in m3 per net revenue on own operations paragraph 29			
ESRS 2 – IRO 1 – E4 paragraph 16 (a) i			Not material
ESRS 2 – IRO 1 – E4 paragraph 16 (b)			Not material
ESRS 2 – IRO 1 – E4 paragraph 16 (c)			Not material
ESRS E4-2 Sustainable land / agriculture practices or policies paragraph 24 (b)			Not material
ESRS E4-2 Sustainable oceans/seas practices or policies paragraph 24 (c)			Not material
ESRS E4-2 Policies to address deforestation paragraph 24 (d)			Not material
ESRS E5-5 Non-recycled waste paragraph 37 (d)	S	91	
ESRS E5-5 Hazardous waste and radioactive waste paragraph 39	S	91	
ESRS 2 – SBM3 – S1 Risk of incidents of forced labour paragraph 14 (f)	S	97–98	
ESRS 2 – SBM3 – S1 Risk of incidents of child labour paragraph 14 (g)	S	97–98	

DISCLOSURE REQUIREMENT AND RELATED DATAPPOINT	SECTION	PAGE	MATERIALITY
ESRS S1-1 Human rights policy commitments paragraph 20	S	98	
ESRS S1-1 Due diligence policies on issues addressed by the fundamental International Labour Organization (ILO) Conventions 1-8 paragraph 21	S	98	
ESRS S1-1 Processes and measures for preventing trafficking in human beings paragraph 22	S	98	
ESRS S1-1 Workplace accident prevention policy or management system paragraph 23	S	98	
ESRS S1-3 Grievance/complaints handling mechanisms paragraph 32 (c)	S	99	
ESRS S1-14 Number of fatalities and number and rate of work-related accidents paragraph 88 (b) and (c)	S	101	
ESRS S1-14 Number of days lost to injuries, accidents, fatalities or illness paragraph 88 (e)	S	101	
ESRS S1-16 Unadjusted gender pay gap paragraph 97 (a)	S	101	
ESRS S1-16 Excessive CEO pay ratio paragraph 97 (b)	S	101	
ESRS S1-17 Incidents of discrimination paragraph 103 (a)			Not material
ESRS S1-17 Non-respect of UNGPs on Business and Human Rights and OECD Guidelines paragraph 104 (a)			Not material
ESRS 2 - SBM3 - S2 Significant risk of child labour or forced labour in the value chain paragraph 11 (b)	S	102-103	
ESRS S2-1 Human rights policy commitments paragraph 17	S	104	
ESRS S2-1 Policies related to value chain workers paragraph 18	S	104	
ESRS S2-1 Non-respect of UNGPs on Business and Human Rights and OECD Guidelines paragraph 19	S	104	
ESRS S2-1 Due diligence policies on issues addressed by the fundamental International Labour Organization (ILO) Conventions 1-8 paragraph 19	S	102-106	
ESRS S2-4 Human rights issues and incidents connected to its upstream and downstream value chain paragraph 36	S	106	
ESRS S3-1 Human rights policy commitments paragraph 16			Not material
ESRS S3-1 Non-respect of UNGPs on Business and Human Rights, ILO principles or OECD Guidelines paragraph 17			Not material
ESRS S3-4 Human rights issues and incidents paragraph 36			Not material
ESRS S4-1 Policies related to consumers and end-users paragraph 16			Not material
ESRS S4-1 Non-respect of UNGPs on Business and Human Rights and OECD Guidelines paragraph 17			Not material
ESRS S4-4 Human rights issues and incidents paragraph 35			Not material
ESRS G1-1 United Nations Convention against Corruption paragraph 10 (b)			Not material
ESRS G1-1 Protection of whistleblowers paragraph 10 (d)			Not material
ESRS G1-4 Fines for violation of anti-corruption and anti-bribery laws paragraph 24 (a)	S	108	
ESRS G1-4 Standards of anti-corruption and anti-bribery paragraph 24 (b)			Not material

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ADMINISTRATION REPORT 2024

Significant events during the financial year

Action plan

An action plan to adapt operations to the current demand situation was launched in the first quarter. The cost of this program was estimated to amount to SEK 1,095 million, with expected annual savings of around SEK 750 million. The program has now been completed and the cost was SEK 1,152 million, with expected annual savings of around SEK 800 million, based on a rolling 12-month period. In 2024, approximately three-quarters of the total annual savings were realized, based on a rolling 12-month period. The full savings are expected to be achieved in 2025.

Climate For Life

The acquisition analysis for Climate For Life (CFL) was finalized during the third quarter. Recognized customer relationships and trademarks were just over SEK 1,290 million lower than in the preliminary acquisition analysis. Deferred tax liabilities attributable to these items decreased by just over SEK 330 million. Goodwill increased by SEK 960 million as a result of the changes. The reason was primarily a major recall case involving a heat pump generation that had already been launched at the time of acquisition and which has been temporarily withdrawn from the market. This resulted in lower sales than previously anticipated due to the wait for a relaunch following a significant change in design. As a result, annual depreciation declined by around SEK 48 million, i.e. around SEK 12 million per quarter.

Remuneration

The Annual General Meeting determines the level of remuneration for the Chairman of the Board and other directors.

The Annual General Meeting also determines the guidelines for the remuneration of the Managing Director and CEO and other senior executives. Based on these guidelines, the Board of Directors decides on the remuneration of the Managing Director and CEO. The remuneration of other senior executives is determined by the Managing Director and CEO in consultation with the Chairman of the Board. Decisions in this regard are reported to the Board of Directors. See also Note 6 about remuneration for the year and the principles applied in 2024.

The Board's proposal for guidelines for 2025 largely matches the principles approved at the 2024 Annual General Meeting.

Environmental issues

NIBE has production facilities in 29 countries. Their environmental impact primarily consists of:

- Use of raw materials such as metals and plastics
- Use of natural resources such as energy and water
- Generation of waste
- Emissions to air and water
- Transportation

NIBE complies with national environmental legislation in all countries in which we have production facilities. Where operations require a permit, results and any failure to comply with permit conditions are reported to the environmental authorities in the country concerned and to the Group's sustainability department. No failures to comply with environmental conditions were reported in 2024. The case concerned emissions to air and did not result in any significant fines or instructions from environmental authorities.

The Group manages improvements in its environmental performance by setting targets, following key ratios and reporting outcomes according to the CSRD. Our LCE products have a positive impact on the environment as they help reduce primary energy consumption, increase the use of renewable energy and thus reduce climate impact.

There is contaminated soil at nine of the Group's production facilities in Denmark, the Czech Republic, the UK, the USA, Italy and Sweden. No contingent liabilities were recognized for this as it is deemed extremely unlikely that any of these could entail significant costs if the Group were to be held liable.

In accordance with Chapter 6, Section 11 of the Swedish Annual Accounts Act, we have chosen to prepare the mandatory sustainability report as a separate report from the Annual Report. See page 63 for a description of the scope of the sustainability report.

Staff issues, human rights and anti-corruption measures

Our values assume that everyone is of equal value and everyone should have the same opportunities to develop in the company, regardless of gender, ethnicity, age or background. We want all our employees to see NIBE as a secure, fair employer that works to ensure a good working environment, good working conditions, diversity and equal opportunities.

Our policies on respecting human rights and promoting equal opportunities and non-discrimination also extend to our supply chain, and we evaluate new suppliers against our requirements before they are used. We also evaluate existing suppliers against our requirements for human rights and working conditions.

Our business principles and our values create a well-established code of conduct that forms the basis for our employees to work together, show commitment and enjoy freedom with responsibility. As part of our internal controls within the Group, all companies and several subsidiaries are visited every year to ensure that everyone applies the same principles and that the standard of working conditions remains high. For more information about our strategies relating to employees and responsible sourcing, see pages 17, 22, and for statistics, see the table of contents on page 62.

NIBE's anti-corruption work is driven by our values. Information is provided to all employees, and more extensive e-learning is provided to all salaried employees we have classified as being in exposed roles. The Group also provides a whistleblower function, which is managed by a third party. Zero tolerance is communicated to our suppliers and business partners via Our Values and agreements. See page 22.

Research and development

NIBE Group carries out market-leading research and development within each of its business areas. We believe that this is a crucial factor behind continued organic growth and our ability to establish a presence in new markets. It also means that we can respond quickly to changes in what our customers want and transform their wishes into the best possible solution in the relevant market context. See Note 8.

Future trends

- Our corporate philosophy and our strong range of products, with their focus on sustainability and energy efficiency, are in tune with the times because the transition to a fossil-free society is considered to be irrevocable.
- We are well prepared to continue to be proactive on acquisitions.
- Our internal efforts to enhance efficiency, combined with our rigorous cost control measures, will ensure persistently healthy margins.
- All three business areas have a good geographical spread, which makes us less vulnerable to local downturns in demand.
- Our decentralized organization, based on independent units, is well proven and creates the conditions for greater motivation and flexibility.
- The effects of the deteriorating geopolitical situation, interest rate developments and volatile energy prices are difficult to predict, however.
- Our assessment is that we will see weaker development in the first two quarters of the year, and possibly throughout the year. This assessment should be viewed against the performance in 2024, when we reported very strong first-half results and a weak second half.
- As is our habit, and based on experience, we are optimistic about our long-term performance, despite the situation this year being particularly difficult to predict.

Ownership

NIBE's share capital is divided into 233,130,360 class A shares and 1,782,936,128 class B shares. Each A share carries ten votes at the Annual General Meeting and each B share carries one vote. Class A shares, which represent approximately 57% of the votes, have pre-emption rights as per the company's articles of association.

The company has two shareholders who each hold more than 10% of the votes, one of them a group of shareholders consisting of present and former directors and managers with around 46% of the votes, the other the Schörling family, with around 19% of the votes.

Proposal for appropriation of profits

Profits at the disposal of the Annual General Meeting:

Retained earnings	SEK 3,134 million
Share premium reserve	SEK 4,751 million
Net profit for the year	SEK 213 million
Total	SEK 8,098 million

The Board of Directors proposes issuing a dividend to shareholders of SEK 0.30 per share, equivalent to a total pay-out of SEK 605 million. A total of SEK 7,493 million will be carried forward: SEK 4,751 million of this in the share premium reserve and SEK 2,742 million as retained earnings.

The Board of Directors considers that the proposed dividend is reasonable considering the requirements that the nature, scope and risks of the operations place on the size of the company's and the Group's equity, consolidation needs, liquidity and position in general. This must be seen against the background of the information provided in the Annual Report. Before proposing this dividend, the Board has paid due consideration to the investments planned.

Corporate governance report

The Corporate governance report on pages 181–185 is not part of the administration report.

FIVE-YEAR OVERVIEW

Income statement over the last five years

Growth

The sales target is annual growth of 20%, preferably with half of this total generated organically and half through acquisitions. Sales have risen from SEK 25,342 million to SEK 40,521 million over the last five-year period. To some extent, this was achieved by means of a proactive acquisition strategy. During the period, 33 acquisitions and business combinations were implemented.

Average growth during the five-year period was 9.8%. The Group's sales have shown organic growth of 4.9% over the last five years, with acquired growth amounting to 4.9%. The weakening of the Swedish krona has had a positive effect on overall organic growth during the five-year period.

Operating margin

The target is an average operating margin of at least 10% for the Group's business areas, and an average return on equity of at least 20% for the Group as a whole.

During the five-year period, NIBE Climate Solutions' average operating margin was 14.4%. NIBE Element's operating margin was an average of 8.0% during the period, while NIBE Stoves' average operating margin was 10.5%.

The Group's operating margin over the five-year period averaged 12.9% and return on equity during the same period averaged 13.8%.

Balance sheet over the last five years

Total assets have increased from SEK 37,229 million to SEK 70,406 million over the last five years.

Intangible assets

Intangible assets consist mainly of goodwill, trademarks/brands and market positions that have arisen in connection with the acquisition of businesses or operations. Goodwill and trademarks are tested annually for impairment by calculating the present value of future cash flows. The principles used by the Group for impairment testing are described in Note 14 to the accounts under the heading 'Goodwill and trademarks'.

Property, plant and equipment

Property, plant and equipment comprises mainly land, buildings and machinery. The value of property, plant and equipment has increased by SEK 8,251 million over the most recent five-year period. Approximately 11% of this increase was added through acquisitions, and the remaining 89% through investments in existing operations. These investments were implemented largely in the Group's facilities in Markaryd, Sweden, where most of the production facilities for NIBE Climate Solutions and NIBE Stoves are located, as well as in the Group's production plants in the Czech Republic, Poland and the USA.

Current assets

Current assets consist of inventories and current receivables, which, in turn, mainly consist of trade receivables, and constitute approximately 25% of total assets. Normally, both of these items are directly related to sales and, therefore, growth.

Income statement

(SEK million)	2024	2023	2022	2021	2020
Net sales	40,521	46,649	40,071	30,832	27,146
Cost of goods sold	- 29,547	- 31,026	- 27,462	- 20,628	- 18,171
Gross profit	10,974	15,623	12,609	10,204	8,975
Selling expenses	- 5,898	- 6,016	- 4,921	- 4,210	- 3,917
Administrative expenses	- 3,554	- 3,458	- 2,615	- 2,018	- 1,895
Acquisition-related revaluations	597	120	- 33	30	353
Other operating income	552	704	823	462	364
Operating profit	2,671	6,973	5,863	4,468	3,880
Net financial items	- 1,135	- 642	- 188	- 150	- 222
Profit after financial items	1,536	6,331	5,675	4,318	3,658
Tax	- 374	- 1,535	- 1,280	- 940	- 735
Net profit	1,162	4,796	4,395	3,378	2,923
<i>Net profit/loss attributable to non-controlling interests</i>	- 11	11	44	58	57
<i>Includes depreciation/amortization according to plan as follows:</i>	2,049	1,772	1,484	1,297	1,236

Interest-bearing liabilities

Interest-bearing liabilities include liabilities to credit institutions, bonds, lease liabilities, some pension provisions and the interest-bearing portion of other liabilities. These items have increased from SEK 10,655 million to SEK 24,711 million over the last five years. The increase was primarily due to increased liabilities in the form of bonds and loans from banks, which, in turn, were mostly used to carry out acquisitions.

The Group's target is for the equity/assets ratio not to fall below 30%. This ratio has averaged 47.3% over the last five years.

Non-interest-bearing liabilities

Non-interest-bearing liabilities comprise acquisition-related liabilities, trade payables, tax liabilities, warranty risk reserve, other provisions, advances from customers, accrued expenses and deferred income, as well as the non-interest-bearing portion of other liabilities. These have increased from SEK 4,758 million to SEK 4,990 million over the last five-year period, mainly due to acquisition-related liabilities and deferred tax attributable to intangible assets arising from acquisitions.

Current non-interest-bearing liabilities and provisions have increased by SEK 4,353 million over the last five years, from SEK 4,212 million to SEK 8,565 million, approximately 64% of which represents accrued expenses and trade payables, which are both directly related to the expansion of the business.

Balance sheet

(SEK million)	2024	2023	2022	2021	2020
Intangible assets	32,241	31,014	22,568	20,363	18,958
Property, plant and equipment	13,214	11,568	8,273	6,131	5,350
Financial assets	1,524	1,324	1,001	629	655
Total non-current assets	46,979	43,906	31,842	27,123	24,963
Inventories	10,644	13,227	10,191	6,584	4,431
Current receivables	7,176	6,688	7,144	4,941	4,149
Investments in securities, etc.	579	527	190	224	201
Cash and cash equivalents	5,028	3,756	4,627	4,522	4,593
Total current assets	23,427	24,198	22,152	16,271	13,374
Total assets	70,406	68,104	53,994	43,394	38,337
Equity	32,140	30,207	27,973	21,657	17,737
Non-current liabilities and provisions					
– non-interest-bearing	4,990	5,410	5,869	5,252	4,859
– interest-bearing	17,625	16,922	6,399	7,505	6,298
Current liabilities and provisions					
– non-interest-bearing	8,565	9,716	8,795	6,165	5,081
– interest-bearing	7,086	5,849	4,958	2,815	4,362
Total equity and liabilities	70,406	68,104	53,994	43,394	38,337

Statement of cash flows

(SEK million)	2024	2023	2022	2021	2020
Cash flow before change in working capital	3,826	6,473	5,800	4,749	4,123
Change in working capital	180	– 3,893	– 3,186	– 1,487	900
Cash flow from operating activities	4,006	2,580	2,614	3,262	5,023
Investments in existing operations	– 2,224	– 3,852	– 2,065	– 1,242	– 1,109
Operating cash flow	1,782	– 1,272	549	2,020	3,914
Acquisitions	– 621	– 8,752	– 839	– 768	– 1,792
Divestments	–	–	126	–	–
Cash flow after investments	1,161	– 10,024	– 164	1,252	2,122
Financing	1,246	10,912	858	– 718	– 485
Shareholders' dividends	– 1,310	– 1,310	– 1,009	– 784	– 707
Cash flow for the year	1,097	– 422	– 315	– 250	930
Cash and cash equivalents at start of year	4,283	4,817	4,746	4,794	4,171
Exchange difference in cash and cash equivalents	227	– 112	386	202	– 307
Cash and cash equivalents at end of year	5,607	4,283	4,817	4,746	4,794

Cash flow over the last five years**Cash flow before change in working capital**

Over the most recent five-year period, cash flow before change in working capital showed a positive trend.

Working capital

Working capital, measured as current assets less current liabilities, amounted to an average of approximately 20% of sales over the five-year period.

Investments in existing operations

On average, investments in existing operations over the last five years corresponded to approximately 134% of depreciation according to plan. In 2024, however, investments amounted to SEK 2,224 million, compared with depreciation according to plan of SEK 1,459 million, if depreciation of right-of-use assets is excluded. In view of the expected opportunities for future growth, we established a proactive investment program of SEK 10 billion back in 2020. The majority of the investments have now been implemented and the remainder will largely be completed in 2025.

Operating cash flow

The Group's operating cash flow has been positive over the last five years, with the exception of 2023, when cash flow dipped into negative after investments in existing operations due to the ambitious investment program that is now nearing completion. This is because the rate of investment in existing operations was moderate at the start of the five-year period and great attention was paid to the Group's working capital in day-to-day operations. The increased rate of investment, together with significant inventory build-up of input goods, meant that operating cash flow in 2023 and 2022 was at a lower level than in previous years in the five-year period.

Acquisitions

NIBE Industrier AB has pursued a proactive acquisition strategy during the period. Over the last five years, 37 acquisitions and business combinations have been implemented, with 10 of these in business area NIBE Climate Solutions, 23 in business area NIBE Element and 4 in business area NIBE Stoves. Acquisition intensity tailed off during and after the pandemic, only to increase again in 2023. It started to decline in 2024 due to the market situation. The objective is to continue to pursue a proactive acquisition strategy going forward.

Financing

Capital requirements over the last five years – for business combinations, investments in existing operations and working capital for organic expansion and share dividends – have been financed by the company's own internally generated cash flows and loans. In recent years, bond issues have largely supplemented bank financing.

Shareholders' dividends

NIBE Industrier AB aims to pay dividends of 25–30% of the net profit for the year after tax for the Group. Over the most recent five-year period, dividends have varied between 27.3% and 32.5% of profit for the year after tax. In 2024 the dividend corresponded to 52% of profit after tax. Adjusted for the action plan of SEK 915 million, the dividend corresponds to 29% of profit after tax.

CONSOLIDATED INCOME STATEMENT

(SEK million)		2024	2023
Net sales	Note 4	40,521	46,649
Cost of goods sold		- 29,547	- 31,026
Gross profit		10,974	15,623
Selling expenses		- 5,898	- 6,016
Administrative expenses		- 3,554	- 3,458
Acquisition-related revaluations	Note 26	597	120
Other operating income	Note 5	552	704
Operating profit	Notes 6-10	2,671	6,973
Profit/loss from financial items			
Profit/loss from participations in associates and jointly controlled entities	Note 18	37	39
Financial income	Note 11	475	422
Financial expenses	Note 11	- 1,647	- 1,103
Profit after net financial items		1,536	6,331
Tax	Note 13	- 374	- 1,535
Net profit		1,162	4,796
Profit for the year attributable to			
Parent shareholders		1,173	4,785
Non-controlling interests		- 11	11
Net profit		1,162	4,796
<i>Includes depreciation/amortization according to plan as follows:</i>		2,049	1,772
<i>Average number of shares</i>		2,016,066,488	2,016,066,488
<i>Earnings per share before and after dilution, SEK</i>		0.58	2.37
<i>Proposed dividend per share, SEK</i>		0.30	0.65

(SEK million)		2024	2023
Net profit		1,162	4,796
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Actuarial gains and losses in retirement benefit plans	Note 22	- 47	- 79
Tax attributable to other comprehensive income	Note 13	6	10
		- 41	- 69
Items that may be reclassified to profit or loss			
Cash flow hedges		- 67	43
Hedges of net investments		- 144	194
Exchange differences		2,436	- 1,431
Tax attributable to other comprehensive income	Note 13	- 101	15
		2,124	- 1,179
Total other comprehensive income		2,083	- 1,248
Total comprehensive income		3,245	3,548
Total comprehensive income attributable to			
Parent shareholders		3,248	3,535
Non-controlling interests		- 3	13
Total comprehensive income		3,245	3,548

Net sales

The target for the Group is annual growth of 20%, preferably with half of this total generated organically and half through acquisitions.

The Group's net sales declined by SEK 6,128 million (13.1%) to SEK 40,521 (46,649) million.

The Group's net sales outside Sweden amounted to SEK 37,142 (41,924) million, a decline of SEK 4,782 million (11.4%). This means that net sales abroad accounted for 91.7% (89.9%) of total net sales. The Group's net sales on the Swedish market fell by 28.5% to SEK 3,379 (4,725) million.

As acquired sales growth during the year totaled SEK 1,533 million (3.3%), this means that organic sales fell by SEK 7,661 million or 16.4%. The effect of exchange rates on sales was negative in the year.

Operating profit

The target is for operating profit for both the Group and each business area to be at least 10% of sales over a business cycle.

The Group's operating profit amounted to SEK 2,671 million, a decline of 62% on the previous year's operating profit of SEK 6,973 million. The operating margin was 6.6%, compared with 14.9% in the previous year. Operating profit for the year was burdened by acquisition-related costs, acquisition-related revaluations and cost relating to the action plan. Acquisition-related costs amounted to SEK 12 million, compared with SEK 96 million in the previous year, which were recognized as administrative expenses in the consolidated income statement. Acquisition-related revaluations had a positive effect of SEK 597 million on earnings and the action plan that was implemented had a negative effect of SEK 1,152 million.

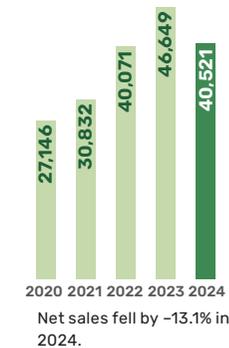
Profit after financial items

Profit after financial items declined by 76% to SEK 1,536 (6,331) million, corresponding to a profit margin of SEK 3.8% (13.6%). Net financial items for the Group amounted to SEK -1,135 (-642) million. The Group's interest-bearing liabilities at year-end amounted to SEK 24,711 million, compared with SEK 22,771 million at the start of the year. The average interest rate during the year was 6.0% (5.2%). Net financial items include exchange gains and losses.

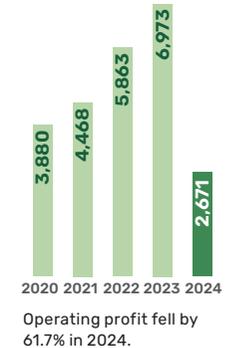
Tax

The tax expense for the year was SEK 374 (1,535) million, which gives an effective tax rate of 24.3% (24.2%). The tax rate was unchanged compared with the previous year.

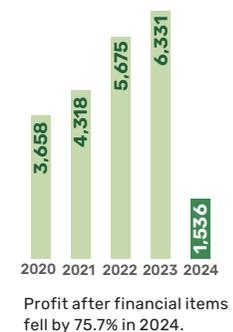
Net sales
past five years (SEK m)



Operating profit
past five years (SEK m)



Profit after
financial items
past five years
(SEK m)



PERFORMANCE BY BUSINESS AREA DURING THE YEAR

NIBE Climate Solutions

Net sales for the year amounted to SEK 26,037 million, compared with SEK 31,373 million for the previous year. SEK 1,303 million (4.2%) of the sales decline of SEK 5,336 million (-17.0%) was attributable to acquisitions, which means that organic sales declined by SEK 6,639 million (-21.2%). Sales have increased from SEK 16,430 million to SEK 26,037 million over the last five years.

Operating profit decreased from SEK 5,596 million to SEK 1,600 million, which represents a decline in earnings of 71.4% and an operating margin of 6.1% (17.8%) for the year. Adjusted operating profit for the year totaled SEK 2,425 million, corresponding to an operating margin of 9.3%. Over the past five years, the operating margin averaged 14.4%.

Heat pump stockpiling by installation companies and distributors in 2023 resulted in significant inventory build-up in the business area in the year just ended, which had a significant impact on the business area. However, underlying healthy and stable demand for heat pumps from end customers has resulted in a continuous, ongoing reduction in inventories at installation companies and distributors. We estimate that these inventories have now reached a more acceptable level in the majority of our markets, leading to an improved outlook for 2025.

NIBE Element

Net sales for the year amounted to SEK 11,092 million, compared with SEK 11,898 million for the previous year. SEK 185 million (1.6%) of the sales decline of SEK 806 million (-6.8%) was attributable to acquisitions, which means that organic sales declined by SEK 991 million (-8.3%). Sales have increased from SEK 6,971 million to SEK 11,092 million over the last five years.

Operating profit decreased from SEK 942 million to SEK 362 million, which represents an earnings decline of 61.6% and an operating margin of 3.3% (7.9%) for the year. Adjusted operating profit for the year totaled SEK 629 million, corresponding to an operating margin of 5.7%. The operating margin has averaged 8.0% over the last five years.

Demand for the year in most market segments was relatively stable. However, the sharp downturn in production in the heat pump segment in Europe had a significant impact on the business area. We saw a gradual improvement in the semiconductor segment throughout 2024. General industrial activity was stable for most of the year, but declined towards the end of the year, particularly in Europe. Despite the adjustments made as part of the action plan to meet current demand in each business, the operating margin declined as a result of clearly lower sales in certain product areas and production units.

NIBE Stoves

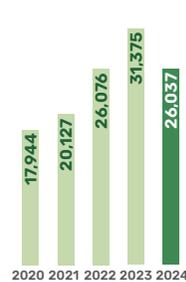
Net sales for the year amounted to SEK 3,864 million, compared with SEK 4,758 million for the previous year. SEK 45 million (1.0%) of the sales decline of SEK 894 million (-18.8%) was attributable to acquisitions, which means that organic sales declined by SEK 939 million (-19.7%). Sales have increased from SEK 2,503 million to SEK 3,864 million over the last five years.

Operating profit decreased from SEK 533 million to SEK 143 million, which represents an earnings decline of 73.2% and an oper-

ating margin of 3.7% (11.2%) for the year. Adjusted operating profit for the year totaled SEK 203 million, corresponding to an operating margin of 5.3%. The operating margin has averaged 10.5% over the last five years.

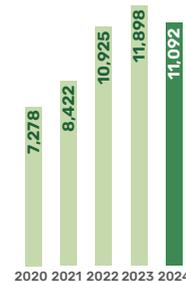
Demand between different product types and regions has fluctuated greatly during the year. Wood-fired products declined sharply in the European market, especially so in Germany. Very large inventories at retailers for most of the year, in combination

Net sales (SEK m)
NIBE Climate Solutions



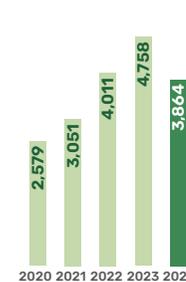
Net sales fell by 17.0% in 2024.

Net sales (SEK m)
NIBE Element



Net sales fell by 6.8% in 2024.

Net sales (SEK m)
NIBE Stoves



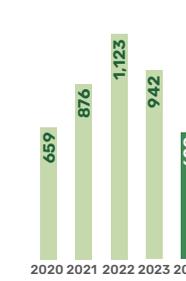
Net sales fell by 18.8% in 2024.

Adjusted Operating profit (SEK m)
NIBE Climate Solutions



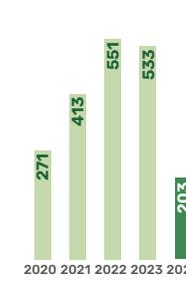
Operating profit fell by 56.7% in 2024.

Adjusted Operating profit (SEK m)
NIBE Element



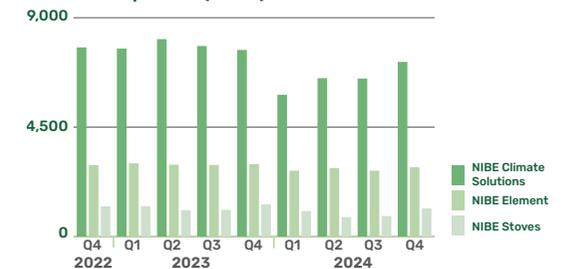
Operating profit fell by 33.2% in 2024.

Adjusted Operating profit (SEK m)
NIBE Stoves

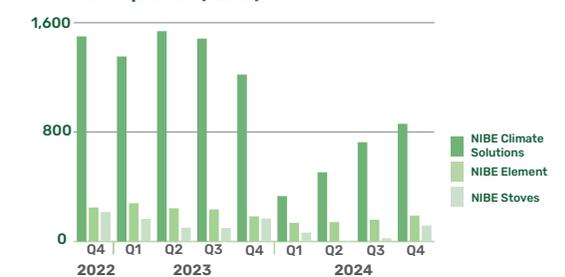


Operating profit fell by 61.9% in 2024.

Sales by Business Area
Past 9 quarters (SEK m)

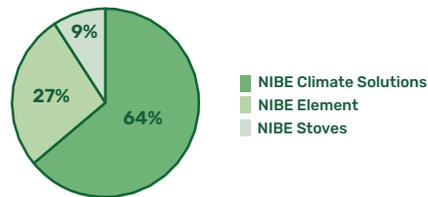


Adjusted Operating profit by Business Area
Past 9 quarters (SEK m)

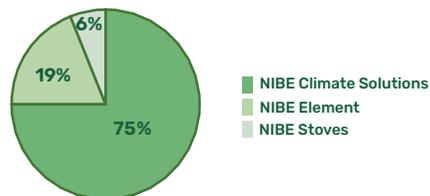


with significantly lower energy prices, had an adverse effect on sales. However, the downturn in sales slowed down towards the end of the year. The North American market leveled out during the year and showed a slight improvement in the fourth quarter. Retailer inventories were never allowed to grow as large as in Europe. Demand for gas-fired products increased and this is the clearly dominant product group in North America. The trend of growing interest in electric stoves is continuing.

Business Area contributions to sales



Business Area contributions to profit



Quarterly data

Consolidated income statement (SEK million)	2024				2023			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Net sales	9,494	10,035	9,967	11,025	11,646	11,833	11,514	11,656
Operating expenses	- 10,073	- 9,366	- 9,055	- 9,356	- 9,891	- 9,986	- 9,735	- 10,064
Operating profit/loss	- 579	669	912	1,669	1,755	1,847	1,779	1,592
Net financial items	- 332	- 273	- 286	- 244	- 101	- 146	- 181	- 214
Profit/loss after net financial items	- 911	396	626	1,425	1,654	1,701	1,598	1,378
Tax	50	- 180	- 193	- 51	- 380	- 378	- 378	- 399
Net profit	- 861	216	433	1,374	1,274	1,323	1,220	979

Net sales, business areas

NIBE Climate Solutions	5,834	6,516	6,502	7,185	7,736	8,122	7,839	7,676
NIBE Element	2,711	2,819	2,711	2,851	3,013	2,957	2,945	2,983
NIBE Stoves	1,052	802	847	1,163	1,250	1,086	1,096	1,326
Elimination of Group transactions	- 103	- 102	- 93	- 174	- 353	- 332	- 366	- 329
Group total	9,494	10,035	9,967	11,025	11,646	11,833	11,514	11,656

Operating profit/loss, business areas

NIBE Climate Solutions	- 462	506	726	830	1,353	1,538	1,484	1,221
NIBE Element	- 126	142	160	186	280	243	235	184
NIBE Stoves	27	- 3	24	95	165	101	99	168
Elimination of Group transactions	- 18	24	2	558	- 43	- 35	- 39	19
Group total	- 579	669	912	1,669	1,755	1,847	1,779	1,592

Items affecting comparability, business areas*

NIBE Climate Solutions	- 794	0	0	- 31
NIBE Element	- 263	0	0	- 4
NIBE Stoves	- 38	0	0	- 22
Acquisition-related revaluations	0	0	0	597
Group total	- 1,095	0	0	540

Adjusted operating profit, business areas

NIBE Climate Solutions	332	506	726	861
NIBE Element	137	142	160	190
NIBE Stoves	65	- 3	24	117
Elimination of Group transactions	- 18	24	2	- 39
Group total	516	669	912	1,129

* Items affecting comparability:

- Action plan costs: SEK 1,095 million (Q1) + SEK 57 million (Q4) = SEK 1,152 million (Full year).

- Positive effect of acquisition-related revaluations: SEK 597 million.

CONSOLIDATED BALANCE SHEET

(SEK million)		31 Dec 2024	31 Dec 2023
NON-CURRENT ASSETS			
Intangible assets			
Market positions	Note 14	2,164	3,432
Brands	Note 14	3,368	3,374
Goodwill	Note 14	25,290	22,925
Other intangible assets	Note 14	1,419	1,283
Total intangible assets		32,241	31,014
Property, plant and equipment			
Land and buildings	Note 15	4,706	3,441
Machinery and equipment	Note 15	3,892	3,303
Right-of-use assets	Note 16	2,399	1,965
Construction in progress	Note 15	2,217	2,859
Total property, plant and equipment		13,214	11,568
Financial assets			
Participations in associates and jointly controlled entities	Note 18	325	282
Non-current receivables from associates		255	246
Investments held as non-current assets		23	36
Deferred tax assets	Note 13	752	547
Other non-current receivables	Note 19	169	213
Total financial assets		1,524	1,324
TOTAL NON-CURRENT ASSETS		46,979	43,906

(SEK million)		31 Dec 2024	31 Dec 2023
CURRENT ASSETS			
Inventories	Note 20		
Raw materials and consumables		5,410	6,394
Work in progress		680	809
Finished products and goods for resale		4,554	6,024
Total inventories		10,644	13,227
Current receivables			
Trade receivables		5,424	5,005
Trade receivables from associates		40	28
Current tax assets		429	432
Other receivables		748	640
Prepaid expenses and accrued income		535	583
Total current receivables		7,176	6,688
Investments in securities, etc.		579	527
Cash and cash equivalents		5,028	3,756
TOTAL CURRENT ASSETS		23,427	24,198
TOTAL ASSETS		70,406	68,104

Total assets

The Group's total assets rose by SEK 2,302 million (3.4%) during the year, from SEK 68,104 million in the previous year to SEK 70,406 million. The increase in assets was primarily due to the investment program that was launched in 2020 and is now completed, and which involved significant investments in production capacity.

Working capital

The Group's working capital excluding cash and bank balances decreased by SEK 944 million (9.3%) during the year from SEK 10,199 million in the previous year to SEK 9,255 million. In relation to net sales, working capital increased from 21.9% to 22.8%.

(SEK million)		31 Dec 2024	31 Dec 2023
EQUITY	<i>Note 21</i>		
Share capital		79	79
Contributed capital		4,818	4,818
Other reserves		4,687	2,571
Retained earnings		22,514	22,692
Equity attributable to parent		32,098	30,160
Non-controlling interests		42	47
TOTAL EQUITY		32,140	30,207
NON-CURRENT LIABILITIES AND PROVISIONS			
Provisions for pensions	<i>Note 22</i>	540	450
Provisions for taxes	<i>Note 13</i>	2,050	2,361
Warranty risk reserve	<i>Note 23</i>	748	766
Other provisions, non-interest-bearing	<i>Note 23</i>	291	121
Liabilities to credit institutions	<i>Note 24</i>	5,354	4,749
Bonds	<i>Note 25</i>	9,500	8,900
Lease liabilities	<i>Note 16</i>	1,798	1,462
Acquisition-related liabilities	<i>Note 26</i>	1,700	1,937
Other liabilities	<i>Note 27</i>	634	1,586
TOTAL NON-CURRENT LIABILITIES AND PROVISIONS		22,615	22,332

Equity/assets ratio and returns

The Group's equity/assets ratio at year-end was 45.6% (44.4%). Equity amounted to SEK 32,140 (30,207) million.

The Group's profitability target is a return on equity of at least 20% in the long term. The return on equity in 2024 was 4.0% (17.3%). The decrease was primarily due to a lower profit in relation to average equity. The return on capital employed was 5.8% (16.1%).

(SEK million)		31 Dec 2024	31 Dec 2023
CURRENT LIABILITIES AND PROVISIONS			
Liabilities to credit institutions	<i>Note 24</i>	4,367	4,079
Bonds	<i>Note 25</i>	2,100	1,250
Trade payables		3,115	3,291
Advance payments from customers		194	248
Current tax liabilities		417	545
Lease liabilities	<i>Note 16</i>	619	520
Acquisition-related liabilities	<i>Note 26</i>	1,093	1,872
Other liabilities	<i>Note 27</i>	1,265	1,211
Accrued expenses and deferred income	<i>Note 28</i>	2,481	2,549
TOTAL CURRENT LIABILITIES AND PROVISIONS		15,651	15,565
TOTAL EQUITY AND LIABILITIES		70,406	68,104

Interest-bearing liabilities

The Group's interest-bearing liabilities at year-end amounted to SEK 24,711 (22,771) million. The increase in liabilities since the beginning of the year was due to investments in the Group's production facilities and business acquisitions.

The Group's net debt, defined as interest-bearing liabilities less cash and cash equivalents and investments in securities, increased by SEK 616 million during the year from SEK 18,488 million to SEK 19,104 million.

GROUP Changes in equity

(SEK million)	Share capital	Contributed capital	Other reserves 1)	Retained earnings	Equity attributable to parent	Non-controlling interests	Total equity
Equity Dec 31, 2022	79	4,818	3,752	19,286	27,935	38	27,973
Change in non-controlling interests							
Net profit for the year				4,785	4,785	11	4,796
Other comprehensive income for the year			-1,181	-69	-1,250	2	-1,248
Comprehensive income for the year			-1,181	4,716	3,535	13	3,548
Dividend				-1,310	-1,310	-4	-1,314
Equity Dec 31, 2023	79	4,818	2,571	22,692	30,160	47	30,207
Net profit for the year				1,173	1,173	-11	1,162
Other comprehensive income for the year			2,116	-41	2,075	8	2,083
Comprehensive income for the year			2,116	1,132	3,248	-3	3,245
Dividend				-1,310	-1,310	-2	-1,312
Equity Dec 31, 2024	79	4,818	4,687	22,514	32,098	42	32,140

1) Other reserves

(SEK million)	Cash flow hedges	Hedges of net investments	Exchange differences	Total other reserves
Other reserves Dec 31, 2022	3	- 648	4,397	3,752
Change during the year	43	194	-1,432	- 1,196
Tax	-10	- 40	65	15
Other reserves Dec 31, 2023	36	- 494	3,030	2,571
Change during the year	- 67	- 144	2,428	2,217
Tax	13	30	- 144	-101
Other reserves carried forward Dec 31, 2024	- 18	- 608	5,314	4,687

Cash flow hedges

Includes the effective portion of the cumulative net change in fair value of cash flow hedging instruments attributable to hedging transactions that have not yet occurred.

Hedges of net investments

Includes exchange differences arising on the translation of liabilities designated as hedging instruments for a net investment in a foreign operation.

Exchange differences

Includes all exchange differences arising on translation of financial statements from foreign operations that have prepared their financial statements in a currency other than the currency in which the consolidated financial statements are presented, i.e. Swedish krona.

CONSOLIDATED STATEMENT OF CASH FLOWS

(SEK million)	2024	2023
OPERATING ACTIVITIES		
Operating profit	2,671	6,973
+ depreciation/amortization & impairment charged to this profit	2,245	1,824
+ capital losses/- capital gains	110	23
+/- other non-cash items	680	- 29
Total	5,706	8,791
Interest received and similar items	473	732
Interest paid and similar items	- 1,548	- 1,022
Tax paid	- 805	- 2,028
Cash flow before change in working capital	3,826	6,473
Change in working capital		
Change in inventories	3,012	- 2,465
Change in current receivables	- 337	- 397
Change in current liabilities	- 2,495	- 1,031
Cash flow from operating activities	4,006	2,580
INVESTING ACTIVITIES		
Investment in machinery and equipment	- 617	- 1,017
Investment in land and buildings	- 313	- 273
Investment in construction in progress	- 1,245	- 1,980
Investment in other intangible assets	- 472	- 450
Sale of land and buildings	-	16
Sale of machinery and equipment	19	42
Change in non-current receivables and other securities	404	- 190
Investments in existing operations	- 2,224	- 3,852
OPERATING CASH FLOW	1,782	- 1,272
Acquisitions	Note 3	- 621
Cash flow from investing activities	- 2,845	- 12,604
CASH FLOW AFTER INVESTMENTS	1,161	- 10,024
FINANCING ACTIVITIES		
Amortization of non-current loans	Note 32	- 4,153
Amortization of lease liabilities	Note 16	- 655
Proceeds from borrowings	Note 32	6,054
Shareholders' dividend		- 1,310
Cash flow from financing activities	- 64	9,602
Cash flow for the year	1,097	- 422
Cash and cash equivalents at start of year	4,283	4,817
Exchange difference in cash and cash equivalents	227	- 112
Cash and cash equivalents at end of year	5,607	4,283

COMMENTS ON THE STATEMENT OF CASH FLOWS

Cash flow from operating activities

The Group's cash flow after changes in working capital amounted to SEK 4,006 (2,580) million.

Investments

The Group's acquisitions of operations/subsidiaries totaled SEK 621 (8,752) million. Other investments totaled SEK 2,224 (3,852) million net, allocated as shown in the table below.

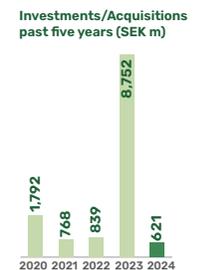
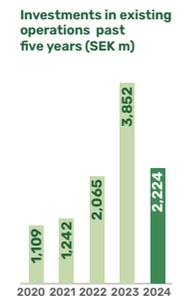
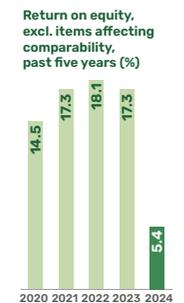
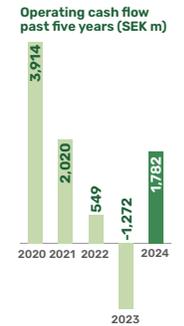
Consequently, cash flow after investing activities was SEK 1,161 (-10,024) million. Operating cash flow - i.e. after investments in existing operations, but excluding acquisitions of operations/subsidiaries - was SEK 1,782 (-1,272) million.

The Group's interest-bearing loans

The Group's interest-bearing liabilities at year-end amounted to SEK 24,711 (22,771) million. The average interest expense for total interest-bearing liabilities was 6.0% (5.2%). The Group's net debt, which consists of interest-bearing liabilities less cash and cash equivalents and current investments, amounted to SEK 19,104 (18,488) million.

(SEK million)	2024	2023
Machinery and equipment	598	975
Properties	313	257
Construction in progress	1,245	1,980
Other non-current assets	68	640
Total	2,224	3,852

(SEK million)	2024	2023
Floating rate bank loans	9,705	8,761
Floating rate bond issues	9,550	8,550
Fixed rate bond issues	2,050	1,600
Lease liabilities	2,417	1,982
Utilized portion of overdraft facilities with floating interest rate	16	67
Provisions for pensions	374	301
Other interest-bearing liabilities	599	1,510
Total interest-bearing liabilities	24,711	22,771
Unutilized overdraft facilities	570	696
Other unutilized credit	8,850	7,312
Total credit available	34,131	30,779

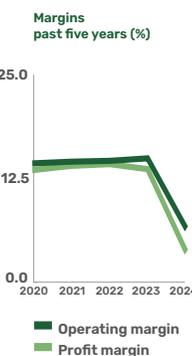
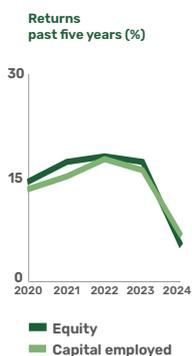
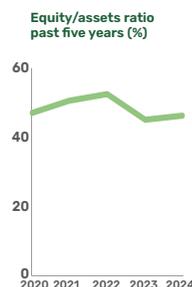


KEY RATIOS

		2024	2023	2022	2021	2020
Net sales	SEK m	40,521	46,649	40,071	30,832	27,146
Growth	%	- 13.1	+ 16.4	+ 30.0	+ 13.6	+ 7.1
Operating profit	SEK m	2,671	6,973	5,863	4,468	3,880
Operating profit excl. items affecting comparability	SEK m	3,226	6,973	5,863	4,468	3,527
Profit after net financial items	SEK m	1,536	6,331	5,675	4,318	3,658
EBITDA margin*	%	12.1	18.9	18.6	18.7	18.8
EBITDA margin, excl. items affecting comparability	%	13.5	18.9	18.6	18.7	17.5
Operating margin*	%	6.6	14.9	14.6	14.5	14.3
Operating margin excl. items affecting comparability	%	8.0	14.9	14.6	14.5	13.0
Profit margin*	%	3.8	13.6	14.2	14.0	13.5
Profit margin excl. items affecting comparability	%	5.2	13.6	14.2	14.0	12.2
Net investments in non-current assets*	SEK m	2,328	13,038	3,745	1,790	3,692
Operating cash flow	SEK m	1,782	- 1,272	549	2,020	3,914
Available cash and cash equivalents*	SEK m	6,177	4,979	5,441	5,208	5,240
Working capital, excl. cash and bank balances, in relation to net sales*	%	22.8	21.9	21.3	17.4	12.9
Equity	SEK m	32,140	30,207	27,973	21,657	17,737
Return on equity*	%	4.0	17.3	18.1	17.3	16.1
Return on equity, excl. items affecting comparability	%	5.4	17.3	18.1	17.3	14.5
Equity/assets ratio	%	45.6	44.4	51.8	49.9	46.3
Proportion of risk-bearing capital	%	48.6	47.8	54.5	53.1	49.7
Capital employed	SEK m	56,851	52,979	39,330	31,977	28,396
Return on capital employed*	%	5.8	16.1	17.7	15.2	14.6
Return on capital employed, excl. items affecting comparability	%	6.8	16.1	17.7	15.2	13.4
Return on total assets*	%	4.6	12.2	12.9	11.2	10.9
Return on total assets, excl. items affecting comparability	%	5.4	12.2	12.9	11.2	10.0
Capital turnover ratio	times	0.59	0.76	0.82	0.75	0.72
Interest-bearing liabilities/Equity	%	76.9	75.5	40.6	47.7	60.1
Net debt/EBITDA*	times	3.9	2.1	0.9	1.0	1.1
Net debt/EBITDA, excl. action plan *	times	3.2	2.1	0.9	1.0	1.1
Net debt/EBITDA, excl. items affecting comparability	times	3.5	2.1	0.9	1.0	1.2
Interest coverage ratio*	times	1.9	6.7	10.1	16.6	8.7
Interest coverage ratio, excl. items affecting comparability	times	2.3	6.7	10.1	16.6	7.9
Average number of employees	no.	20,884	22,462	21,333	20,455	18,740

*Key ratios with calculation specified on pages 131–133.

The amounts of items affecting comparability are reported on page 131



ALTERNATIVE PERFORMANCE MEASURES

Alternative performance measures are financial measures that are used by the company's management and by investors to evaluate the Group's financial performance and position using calculations that cannot always be directly derived from the financial statements. The alternative performance measures provided in this annual report may be calculated using methods that differ from those used to produce similar measures by other companies.

EBITDA margin

(SEK million)	2024	2023	2022	2021	2020
Operating profit	2,671	6,973	5,863	4,468	3,880
Depreciation, amortization and impairment	2,245	1,824	1,597	1,297	1,236
EBITDA	4,916	8,797	7,460	5,765	5,116
Items affecting comparability	555	-	-	-	- 353
EBITDA, excl. items affecting comparability	5,471	8,797	7,460	5,765	4,763
Net sales	40,521	46,649	40,071	30,832	27,146
EBITDA margin, %	12.1	18.9	18.6	18.7	18.8
EBITDA margin excl. items affecting comparability, %	13.5	18.9	18.6	18.7	17.5

Operating margin excl. items affecting comparability

(SEK million)	2024	2023	2022	2021	2020
Operating profit	2,671	6,973	5,863	4,468	3,880
Items affecting comparability	555	-	-	-	- 353
Operating profit excl. items affecting comparability	3,226	6,973	5,863	4,468	3,527
Net sales	40,521	46,649	40,071	30,832	27,146
Operating margin, %	6.6	14.9	14.6	14.5	14.3
Operating margin excl. items affecting comparability, %	8.0	14.9	14.6	14.5	13.0

Items affecting comparability:

2024: Action plan costs: SEK 1,152 million

Positive effect of acquisition-related revaluations: SEK 597 million

2020: Positive effect of acquisition-related revaluations: SEK 353 million

Profit margin excl. items affecting comparability

(SEK million)	2024	2023	2022	2021	2020
Profit after net financial items	1,536	6,331	5,675	4,318	3,658
Items affecting comparability	555	-	-	-	- 353
Profit, excl. items affecting comparability	2,091	6,331	5,675	4,318	3,305
Net sales	40,521	46,649	40,071	30,832	27,146
Profit margin, %	3.8	13.6	14.2	14.0	13.5
Profit margin excl. items affecting comparability, %	5.2	13.6	14.2	14.0	12.2

Net investments in non-current assets

(SEK million)	2024	2023	2022	2021	2020
Acquisition of non-current assets	2,352	13,100	3,767	1,825	3,716
Disposal of non-current assets	- 24	- 62	- 22	- 35	- 24
Net investments in non-current assets	2,328	13,038	3,745	1,790	3,692

ALTERNATIVE PERFORMANCE MEASURES

Working capital, excl. cash and bank balances

(SEK million)	2024	2023	2022	2021	2020
Inventories	10,644	13,227	10,191	6,584	4,431
Current receivables	7,176	6,688	7,144	4,941	4,149
Current liabilities and provisions, non-interest-bearing	- 8,565	- 9,716	- 8,795	- 6,165	- 5,081
Working capital, excl. cash and bank balances	9,255	10,199	8,540	5,360	3,499
Net sales	40,521	46,649	40,071	30,832	27,146
Working capital excl. cash and bank balances relative to net sales, %	22.8	21.9	21.3	17.4	12.9

Interest coverage ratio

(SEK million)	2024	2023	2022	2021	2020
Profit after net financial items	1,536	6,331	5,675	4,318	3,658
Financial expenses	1,647	1,103	626	276	477
Profit before financial expenses	3,183	7,434	6,301	4,594	4,135
Items affecting comparability	555	-	-	-	- 353
Profit excl. items affecting comparability	3,738	7,434	6,301	4,594	3,782
Interest coverage ratio, times	1.9	6.7	10.1	16.6	8.7
Interest coverage ratio, excl. items affecting comparability, times	2.3	6.7	10.1	16.6	7.9

Available cash and cash equivalents

(SEK million)	2024	2023	2022	2021	2020
Cash and bank balances	5,028	3,756	4,627	4,522	4,593
Investments in securities, etc.	579	527	190	224	201
Unutilized overdraft facilities	570	696	624	462	446
Available cash and cash equivalents	6,177	4,979	5,441	5,208	5,240

Net debt/EBITDA

(SEK million)	2024	2023	2022	2021	2020
Non-current liabilities and provisions, interest-bearing	17,625	16,922	6,399	7,505	6,298
Current liabilities and provisions, interest-bearing	7,086	5,849	4,958	2,815	4,362
Cash and bank balances	- 5,028	- 3,756	- 4,627	- 4,522	- 4,593
Investments in securities, etc.	- 579	- 527	- 190	- 224	- 201
Net debt	19,104	18,488	6,540	5,574	5,866
Operating profit	2,671	6,973	5,863	4,468	3,880
Depreciation, amortization and impairment	2,245	1,824	1,597	1,297	1,237
EBITDA	4,916	8,797	7,460	5,765	5,117
Items affecting comparability, action plan	1,152	-	-	-	-
Items affecting comparability	555	-	-	-	- 353
EBITDA, excl. action plan	6,068	8,797	7,460	5,765	5,117
EBITDA, excl. items affecting comparability	5,471	8,797	7,460	5,765	4,763
Net debt/EBITDA, times	3.9	2.1	0.9	1.0	1.1
Net debt/EBITDA, excl. action plan, times	3.2	2.1	0.9	1.0	1.1
Net debt/EBITDA, excl. items affecting comparability, times	3.5	2.1	0.9	1.0	1.2

ALTERNATIVE PERFORMANCE MEASURES

Return on capital employed

(SEK million)	2024	2023	2022	2021	2020
Profit after net financial items	1,536	6,331	5,675	4,318	3,658
Financial expenses	1,647	1,103	626	276	477
Profit before financial expenses	3,183	7,434	6,301	4,594	4,135
Items affecting comparability	555	-	-	-	- 353
Profit, excl. items affecting comparability	3,738	7,434	6,301	4,594	3,782
Capital employed at start of year	52,979	39,330	31,977	28,396	28,258
Capital employed at end of year	56,851	52,979	39,330	31,977	28,396
Average capital employed	54,915	46,154	35,654	30,187	28,327
Return on capital employed, %	5.8	16.1	17.7	15.2	14.6
Return, excl. items affecting comparability, %	6.8	16.1	17.7	15.2	13.4

Return on total assets

(SEK million)	2024	2023	2022	2021	2020
Profit after net financial items	1,536	6,331	5,675	4,318	3,658
Financial expenses	1,647	1,103	626	276	477
Profit before financial expenses	3,183	7,434	6,301	4,594	4,135
Items affecting comparability	555	-	-	-	- 353
Profit, excl. items affecting comparability	3,738	7,434	6,301	4,594	3,782
Total assets at start of year	68,104	53,994	43,394	38,337	37,229
Total assets at end of year	70,406	68,104	53,994	43,394	38,337
Average total assets	69,255	61,049	48,694	40,866	37,783
Return on total assets, %	4.6	12.2	12.9	11.2	10.9
Return excl. items affecting comparability, %	5.4	12.2	12.9	11.2	10.0

Return on equity

(SEK million)	2024	2023	2022	2021	2020
Profit after net financial items	1,536	6,331	5,675	4,318	3,658
Standard tax rate, %	20.6	20.6	20.6	20.6	21.4
Profit after net financial items, after tax	1,220	5,027	4,506	3,428	2,875
Of which attributable to parent shareholders	1,231	5,016	4,462	3,370	2,818
Equity at start of year	30,160	27,935	21,438	17,588	17,509
Equity at end of year	32,098	30,160	27,935	21,438	17,588
Average equity	31,129	29,048	24,687	19,513	17,549
Return on equity, %	4.0	17.3	18.1	17.3	16.1

Return on equity, excl. items affecting comparability

(SEK million)	2024	2023	2022	2021	2020
Profit after net financial items	1,536	6,331	5,675	4,318	3,658
Items affecting comparability	555	-	-	-	- 353
Profit, excl. items affecting comparability	2,091	6,331	5,675	4,318	3,305
Standard tax rate, %	20.6	20.6	20.6	20.6	21.4
Profit after net financial items, after tax	1,660	5,027	4,506	3,428	2,598
Of which attributable to parent shareholders	1,671	5,016	4,462	3,370	2,541
Equity at start of year	30,160	27,935	21,438	17,588	17,509
Equity at end of year	32,098	30,160	27,935	21,438	17,588
Average equity	31,129	29,048	24,687	19,513	17,549
Return on equity, excl. items affecting comparability, %	5.4	17.3	18.1	17.3	14.5

PARENT

Income statement

(SEK million)		2024	2023
Net sales	Note 4	62	48
Administrative expenses	Notes 6-10	- 160	- 171
Operating profit/loss		- 98	- 123
Profit/loss from financial items			
Profit from participations in Group companies	Note 11	693	993
Financial income	Note 11	217	509
Financial expenses	Note 11	- 984	- 516
Profit/loss after net financial items		-172	863
Appropriations	Note 12	415	-
Tax	Note 13	- 30	- 30
Net profit		213	833
Net profit attributable to Parent shareholders		213	833
Net profit		213	833
Other comprehensive income		-	-
Total comprehensive income		213	833
Total comprehensive income attributable to Parent shareholders		213	833
Total comprehensive income		213	833

Balance sheet

Assets

(SEK million)		31 Dec 2024	31 Dec 2023
NON-CURRENT ASSETS			
Financial assets			
Shares in subsidiaries	Note 17	21,431	21,232
Participations in associates and jointly controlled entities	Note 18	1	1
Receivables from Group companies		4,615	4,324
Non-current receivables from associates		48	48
Investments held as non-current assets		17	16
Other non-current receivables	Note 19	53	50
Deferred tax assets	Note 13	5	4
TOTAL NON-CURRENT ASSETS		26,170	25,675
CURRENT ASSETS			
Current receivables			
Receivables from Group companies		457	76
Other receivables		6	2
Tax assets		-	20
Prepaid expenses and accrued income		42	50
Total current receivables		505	148
Cash and cash equivalents		1	-
TOTAL CURRENT ASSETS		506	148
TOTAL ASSETS		26,676	25,823

Equity and liabilities

(SEK million)		31 Dec 2024	31 Dec 2023
EQUITY	<i>Note 21</i>		
Restricted equity			
Share capital		79	79
Statutory reserve		75	75
Total restricted equity		154	154
Non-restricted equity			
Share premium reserve		4,751	4,751
Retained earnings		3,347	4,445
Total non-restricted equity		8,098	9,196
TOTAL EQUITY		8,252	9,350
NON-CURRENT LIABILITIES AND PROVISIONS			
Provisions for pensions	<i>Note 22</i>	24	21
Provisions for taxes		11	10
Liabilities to credit institutions	<i>Note 24</i>	2,757	2,663
Bonds	<i>Note 25</i>	9,500	8,900
Acquisition-related liabilities	<i>Note 26</i>	1,084	937
Other liabilities		37	3
TOTAL NON-CURRENT LIABILITIES AND PROVISIONS		13,413	12,534
CURRENT LIABILITIES AND PROVISIONS			
Liabilities to credit institutions	<i>Note 24</i>	1,700	1,450
Bonds	<i>Note 25</i>	2,100	1,250
Trade payables		11	9
Liabilities to Group companies		456	5
Tax liabilities		1	-
Acquisition-related liabilities	<i>Note 26</i>	640	1,148
Other liabilities		-	4
Accrued expenses and deferred income	<i>Note 28</i>	103	73
TOTAL CURRENT LIABILITIES AND PROVISIONS		5,011	3,939
TOTAL EQUITY AND LIABILITIES		26,676	25,823

Statement of cash flows

(SEK million)		2024	2023
OPERATING ACTIVITIES			
Operating profit /loss		- 98	- 123
Interest received and similar items		177	222
Interest paid and similar items		- 746	- 497
Tax paid		- 47	- 47
Cash flow before change in working capital		- 714	- 445
Change in working capital			
Change in current receivables		37	252
Change in current liabilities		37	24
Cash flow from operating activities		- 640	-169
INVESTING ACTIVITIES			
Change in non-current receivables and other securities		-292	1,014
Cash flow from investing activities		-292	1,014
OPERATING CASH FLOW		-932	845
Investments in operations		- 199	- 7,859
Cash flow from investing activities		- 199	- 7,859
CASH FLOW AFTER INVESTMENTS		- 1,131	- 7,014
FINANCING ACTIVITIES			
Profit from participations in Group companies		742	994
Amortization of non-current loans	<i>Note 32</i>	- 2,700	- 2,850
Proceeds from borrowings	<i>Note 32</i>	4,400	10,180
Shareholders' dividend		- 1,310	- 1,310
Cash flow from financing activities		1,132	7,014
Cash flow for the year		1	-
Cash and cash equivalents at start of year		-	-
Cash and cash equivalents at end of year		1	-

Changes in equity

(SEK million)	Share capital	Statutory reserve	Share premium reserve	Retained earnings	Total equity
Equity Dec 31, 2022	79	75	4,751	4,922	9,827
Comprehensive income for the year				833	833
Dividend				- 1,310	- 1,310
Equity Dec 31, 2023	79	75	4,751	4,445	9,350
Comprehensive income for the year				213	213
Dividend				- 1,310	- 1,310
Equity Dec 31, 2024	79	75	4,751	3,347	8,252

Comments on Parent

Operations

Parent activities comprise Group executive management functions and certain shared Group functions.

Operating profit

The parent's Net sales refer in their entirety to sales to Group companies and amounted to SEK 62 (48) million for the year. Administrative expenses consist primarily of personnel costs and purchased services like auditing, acquisition-related expenses and expenses linked to the stock exchange listing.

Net financial items

The parent's expenditure on operating expenses, interest, amortization and dividends to shareholders is financed primarily through dividends and Group contributions from subsidiaries.

Balance sheet

The parent's total assets increased from SEK 25,823 million to SEK 26,676 million during the year. Non-current receivables from Group companies consist entirely of the Cash pool owned by the subsidiary NIBE Treasury AB. The parent's non-current interest-bearing liabilities consist mostly of bonds. Interest-bearing liabilities at year-end amounted to SEK 16,057 (14,266) million and the average interest rate on these liabilities amounted to 5.4% (4.5%) during the year. At year-end, the parent's interest-bearing liabilities largely consisted of liabilities in SEK, as set out in Note 29.

Statutory reserve

The statutory reserve is a restricted reserve, which means that it may not be used to pay dividends. The aim of the reserve has been to save part of the net profit that is not used to meet losses brought forward.

Share premium reserve

The share premium reserve is an unrestricted reserve available for paying dividends. When shares are issued at a premium, i.e. at a price in excess of the quotient value of the shares, the surplus amount must be contributed to the share premium reserve.

Retained earnings

This comprises the profit brought forward from the previous year and the profit for the year less dividend paid during the year and is available for paying dividends.

RISK AND RISK MANAGEMENT

As a global player, NIBE faces both commercial opportunities and risks of various types. Even though NIBE chiefly operates in markets with strong economies, demand for the company's products and services can be influenced negatively by a general downturn in economic activity or a decline in an individual country or individual segment. On top of this, there are risks such as changes in laws and regulations, shocks to the financial system, natural disasters, terrorism, pandemics, geopolitical risks and so on. To counteract the effects of the various risks facing the company, NIBE takes a systematic, proactive approach to risk management.

The common framework and tool for risk management is the NIBE Internal Control Standard or NICS. Risk management processes with activities on several levels are continuously implemented under NICS. NICS addresses the risks the Group may face from four different perspectives: business risks, financial risks, IT risks and sustainability risks. In turn, these perspectives are divided into a number of sub-groups, all of which are evaluated annually by the Group's three business areas and all underlying companies in the Group and are finally managed at Board level in summary form, with decisions on priority measures.

Political and macroeconomic risks

Political uncertainty, political indecision and macroeconomic conditions may affect demand for products and expenses, both directly and indirectly. They may have consequences for operations in vulnerable regions in which trade agreements and customs duties may change dramatically and sanctions may be introduced in established regions where political indecision, or interrupted decision-making can lead to insecurity for the end client. NIBE discusses these issues with decision makers in relevant areas with a focus on the EU and North America. This is coordinated with other organizations such as trade associations.

Political instability, pandemics or labor disputes can cause production stoppages that, in turn, lead to compensation claims. NIBE continuously checks compliance with legislation by means of policies, procedures and constructive negotiations with employee representatives.

Customer and supplier dependence

Large economic fluctuations, changes in energy prices, energy taxes, subsidies and energy legislation may affect the Group's growth. This is deemed to be counteracted by the Group's global presence. Growth per country and product group is monitored continuously. Combined with flexible manufacturing, this permits NIBE to take rapid action. All three business areas have a wide range of customers, and no business area is so dependent on any one customer or group of customers or one supplier that the loss of that customer/group/supplier is likely to seriously impair the profitability of the Group. Moreover, the Group's products help make society more sustainable as they are high-tech and sustainable, which guarantees long-term healthy profitability. When COVID-19 struck in 2020, all our companies were affected in some way and were forced to adapt their operations accordingly. Initially, this involved dealing with disruption in the supply chain and mandatory closures. This subsequently shifted to meeting a sharp increase in demand during 2022 and the first half of 2023, and then facing a significant deceleration in the second half of 2023. The reason for this was Russia's war of aggression against Ukraine and the consequences this has brought to the energy supply. 2024 was characterized by a gradual return to what we regard as a more normal market.

Price risks

Expenses for raw materials and components make up a large proportion of the Group's expenses. These largely consist of metals that are priced in US dollars and quoted on the London Metal Exchange, LME. To counter the effects of price fluctuations and avoid over-dependence on specific currencies and markets, purchasing procedures have been largely globalized. In 2024, purchases of raw materials such as nickel, copper and aluminum were partially hedged through forward contracts. Other operating expenses follow general price trends in the markets in which the Group operates.

Risks relating to disputes over patents and litigation

Infringement of patents, registered designs and trademarks represents a constant external threat. However, the Group holds relatively few patents and only for components which form part of its finished products. However, NIBE does have several registered designs and registered trademarks. Based on the Group's continuous monitoring of patents, as far as we are aware, we have not infringed any third-party patents nor have any of our patents been infringed.

Acquisitions

Unforeseen events and discoveries in acquired companies, as well as protracted integration processes and slow synergy effects may result in impairment. The Group has well-established procedures and due diligence processes for examining potential acquisitions. Integration and synergy are achieved through very close cooperation with the acquired companies. Acquisitions contribute to expansion with greater know-how, a wider product range and greater geographical presence. Acquisitions provide coordination gains and contribute to sector structuring.

Recall of products

There is always a risk that a series fault in one of the Group's product areas may lead to product recalls, through problems with materials or for other reasons. The risks are reduced by means of systematic quality assurance and inspection procedures. Most Group companies are certified in accordance with ISO 9001. Global insurance policies have been taken out as additional risk cover for similar events.

Traditional risks with insurance cover

It is our considered opinion that the Group has adequate cover for traditional insurance risks such as fire, theft, liability, etc. via the global insurance policies taken out. The excess on our policies is between SEK 300,000 and SEK 10 million.

Financial risks

Financial risks comprise these material risks: credit risks, currency risks, financing risks and interest rate risks. These are described in Note 29.

IT risks

Hacking of data systems, theft of business-critical data or sabotage of critical data systems by viruses represent a continuous, growing threat. Measures taken to compensate for these risks include strict IT policies in respect of user permissions, software and hardware-related protection mechanisms, and the establishment of several Security Operations Centers (SOC), whose task it is to continuously monitor the Group's IT systems for any cyber attacks. The Group's insurance coverage also largely covers the IT area. Good IT security contributes to efficiency and stability.

Sustainability risks

Climate change

Extreme weather conditions in the form of storms, flooding and extreme heat or cold represent risks of damage to property and entail an increased risk of damage to the environment in the form of spills, unplanned discharges and leakage. This also creates a risk of disruption to production and delivery capacity. Damage and loss can be reduced in areas identified under Task Force on Climate-related Financial Disclosures (TCFD) as being higher risk by using our risk analyses and preventive measures and by being prepared. NIBE has global insurance cover for major losses caused by natural disasters.

The supply chain

Most of the components in the products marketed by the Group's three business areas are manufactured by several suppliers in Europe and elsewhere in the world. Suppliers may harm NIBE's reputation if they fail to follow internationally agreed principles for human rights, working conditions, environmental protection, ethical business conduct and/or social responsibility, or if they fail to comply with national legislation in these areas. NIBE evaluates suppliers against internationally agreed principles, quality requirements and their delivery capacity. In our opinion, the Group would not suffer serious harm if any individual supplier were unable to meet our stipulated requirements.

Manufacturing

Risk assessments and improvements are implemented continuously at our production facilities, with ongoing maintenance and new investments, to minimize the impact of the Group suffering production stoppages due to external circumstances. The aim is to have sound procedures in the production process as regards quality, health, safety, the environment and fire protection. We monitor compliance with and the status of policies and certifications in these areas by means of internal and external audits. High levels of continuous improvements benefit the production process and safety. A global presence, combined with a flexible production structure, permits NIBE to relocate manufacturing processes in accordance with continuity plans.

The environment

Handling materials and chemicals in our production plants entails a risk of damage to the environment for which the Group will be held liable. The Group can be held liable for contaminated soil and groundwater in properties caused by previous owners. In our opinion, the risks are minimized by means of systematic environmental work based on ISO 14001 certification and due diligence in conjunction with acquisitions.

Occupational health and safety

Inadequate health and safety in the workplace can lead to accidents resulting in personal injury and production stoppages. NIBE carries out systematic health and safety work with risk analyses of tasks, machines and materials, and procedures for reporting incidents and investigating fundamental causes. A good, safe working environment promotes productivity and creates more efficient workplaces with better well-being and higher motivation.

Human resource management

NIBE's future success depends largely on its ability to recruit, develop and retain qualified officers and other key individuals. A lack of expertise or leadership leads to poorer product and business development. In our opinion, our strategic HR work to recruit, develop and retain qualified officers and other key individuals counteracts this risk and gives us a head start in terms of our capacity for innovation, business development and growth.

Distribution

Disruption in the distribution chain can have a negative impact on customers, and higher freight volumes mean higher carbon dioxide emissions. The distribution channels are checked regularly. Procedures are in place for following up and taking any required action. In addition, transportation is coordinated and used efficiently to reduce emissions and make it greener.

Corruption

Corruption in a company may entail high costs and litigation and may generally reduce confidence in the company. All NIBE employees at risk of exposure to corruption undergo training in anti-corruption. The Group also has a whistleblower function. Business partners sign an anti-corruption clause as part of their contract. Good business principles ensure stable operations and build trust among employees, customers and public authorities. An ethical, reliable image generates competitive advantages.

Human rights

NIBE operates in around 30 countries and in environments in which unethical business practices and infringements of human rights may occur. If NIBE is involved in these business practices, the company's reputation in the market may be harmed. NIBE may also have fines and other legal sanctions imposed on it. NIBE works with various business partners such as customers, distributors, partners in jointly owned companies and suppliers. Differences in culture and working methods between NIBE and these partners may increase the risks associated primarily with business ethics and human rights. Consequently, Our Values and evaluations of business partners (code of conduct) are important to how we prevent these risks.

Sensitivity analysis

The Group is exposed to several risk factors that affect earnings trends. Many of these risks are beyond the company's control. The table below sets out some of these changes and illustrates their effect on the Group's profit before tax. The changes are calculated based on the 2024 balance sheet and income statement.

	Basis for calculation	Change	Impact
Net sales (margin constant)	40,521 SEK m	+/- 1.0 %	152 SEK m
Operating margin (volume constant)	40,521 SEK m	+/- 1.0 %	405 SEK m
Material costs	18,913 SEK m	+/- 1.0 %	189 SEK m
Personnel costs	11,724 SEK m	+/- 1.0 %	117 SEK m
Interest-bearing liabilities (interest constant)	24,711 SEK m	+/- 10.0 %	148 SEK m
Interest rate % (interest-bearing liability constant)	6.0 %	+/- 1.0 percentage point	247 SEK m

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 • GENERAL ACCOUNTING POLICIES

General

NIBE Industrier AB is the parent company of an international group in sustainable energy solutions with business operations organized in three separate business areas: NIBE Climate Solutions, NIBE Element and NIBE Stoves.

The Group has just over 20,800 employees and operates in 34 countries in Europe, North America, Australia and Asia. The legal structure of the Group comprises several subsidiaries which in turn operate through their own subsidiaries or branches.

The parent, NIBE Industrier AB (publ), is a registered limited liability company domiciled in Sweden. The address of the company's head office is Hannabadvägen 5, SE-285 21, Markaryd, Sweden. The Company is listed on Nasdaq Nordic. Its activities consist of Group-wide functions, such as financing, foreign exchange management, corporate acquisitions, the establishment of new operations, financial control and policy matters.

NIBE Group's consolidated accounts have been prepared in accordance with IFRS Accounting Standards issued by the International Accounting Standards Board (IASB), as endorsed by the EU. In addition, the Swedish Corporate Reporting Board's recommendation RFR 1 Supplementary Accounting Rules for Groups has been applied. The parent has prepared its financial statements in accordance with the Swedish Annual Accounts Act (1995:1554) and the Swedish Corporate Reporting Board's recommendation RFR 2 Accounting for Legal Entities. The Swedish Corporate Reporting Board's statements on listed companies have also been applied.

Changes to accounting policies resulting from new or amended IFRSs

The following amendments to standards were applied by the Group for the first time for the financial year beginning January 1, 2024: Amendments to IAS 1 Presentation of Financial Statements, IAS 7 Statement of Cash Flows, IFRS 7 Financial Instruments: Disclosures and IFRS 16 Leases.

Amendments to IAS 1 Presentation of financial statements, according to which the IASB has clarified, among other things, that covenants to be met by an entity after the reporting date do not affect classification of a liability as current or non-current. This is not in itself a change from the previous requirements under IAS 1 and the amendments have not made a difference to

how NIBE classifies its existing liabilities subject to covenants. However, the IASB has also introduced additional disclosure requirements on the terms and nature of existing covenants, see Note 29.

The amendments to IAS 7, IFRS 7 and IFRS 16 have not had any material impact on the consolidated financial statements.

New IFRSs not yet applied

A number of new standards and amended standards come into effect for financial years beginning on or after January 1, 2025 and have not been applied in the preparation of these financial statements. The IASB has issued a new standard, IFRS 18 Presentation and Disclosure in Financial Statements, on the structure of the information in the financial statements. The standard will apply for reporting periods beginning on or after January 1, 2027, which means that the Group's first financial statements according to IFRS 18 will be the interim report for the first quarter of 2027. The comparative period 2026 will be restated according to IFRS 18. The standard has not yet been endorsed by the EU. IFRS 18 will primarily involve changes to three key areas: The structure of the income statement; introduction of disclosure requirements for management-defined performance measures (MPM); and guidance on the aggregation and disaggregation of information in the financial statements or notes. The effects of IFRS 18 on the Group's financial statements will be assessed in more detail during 2025. Some effects are already known. For example, some of the Group's existing key ratios meet the definition of an MPM and the Group will therefore be required to disclose information relating to these in a note.

Additionally, in connection with the introduction of IFRS 18, interest received and interest paid will be recognized under investing activities and financing activities respectively in the statement of cash flows. According to the Group's current accounting policies, both interest received and interest paid are included under operating activities in the statement of cash flows.

The IASB has also issued an amendment to IFRS 9, clarifying the date of derecognition for financial liabilities (e.g. trade payables) settled through electronic payment systems. The amendments state that, as a general principle, a financial liability may only be derecognized on the settlement date, that is, on the date the cash reaches the recipient. However, an exception to the gen-

eral principle has been introduced, enabling derecognition of a financial liability before the settlement date if certain conditions are met. A decision to apply the exception will be made individually for each electronic payment system. The amendments are effective for reporting periods beginning on or after January 1, 2026 and have not yet been endorsed by the EU. In 2025 the company will carry out an assessment of the payment systems used in the Group to determine the extent to which the amendments to IFRS 9 will impact the Group in connection with derecognition of trade payables and other financial liabilities.

Otherwise, none of the other IFRS Accounting Standards or IFRIC interpretations that have not yet entered into force are expected to have any material impact on the Group's financial statements.

Consolidated financial statements

The consolidated financial statements cover the parent, NIBE Industrier AB (publ), and subsidiaries in which the parent directly or indirectly holds more than 50% of the votes, or has control.

Acquired and divested companies are included in the consolidated income statement during the period of ownership. Items included in the financial statements for the different entities in NIBE Group are valued in the currency of the primary economic environment in which the entity operates (functional currency). In the consolidated financial statements, the parent's functional and presentation currency is used, which is the Swedish krona (SEK). This means that foreign subsidiaries' assets and liabilities are translated at the closing day rate. All income statement items are translated at the average rate for the year. Translation differences are recognized in other comprehensive income. In some cases, long-term monetary dealings arise between a parent and a foreign entity, in which the dealings are of such a type that they are unlikely to be settled. The associated exchange differences are recognized in the consolidated financial statements under other comprehensive income.

Classification

Non-current assets and non-current liabilities including any relevant provisions consist of items that are expected to be recovered or paid more than 12 months after the reporting date. Current assets and current liabilities including any relevant provisions are

1 • GENERAL ACCOUNTING POLICIES

items that are expected to be recovered or paid within 12 months of the reporting date. The item that was reclassified from non-interest-bearing to interest-bearing in the previous year has been adjusted in cash flow in respect of comparative information.

Recognition of hyperinflation for the Group's Turkish subsidiaries

Turkey has been classified as a hyperinflationary economy since June 30, 2022 and NIBE's operations in Turkey are therefore recognized in the consolidated financial statements after remeasurement for hyperinflation. Non-monetary items in the balance sheet were remeasured using the consumer price index in Turkey, published by the Turkish Statistical Institute (TSI). The consumer price index stood at 2,684.55 at year-end, compared with 1,859.38 at the start of year. The remeasured assets were based on historical cost.

Transactions with related parties

Orders between Group companies are invoiced on commercial terms and at market prices. Internal profits arising on sales between Group companies have been eliminated. Parent sales refer only to sales to Group companies. During the financial year, goods and services worth SEK 3 (4) million were purchased from companies in which the Schörling family has significant influence.

Critical accounting estimates and assumptions

Company management makes estimates and assumptions about the future, and these affect carrying amounts. Consequently, the carrying amount in these cases is not exactly the same as the fair value. Estimates and assumptions which may involve a risk of significant adjustments in carrying amounts during the next financial year are reported below.

Useful life of intangible assets and property, plant and equipment

Group management determines the estimated useful life, and thereby the associated depreciation/amortization of the Group's intangible assets and property, plant and equipment. These

estimates are based on historical knowledge of the useful life of equivalent assets. The useful life and estimated residual value are tested at the end of each reporting period and adjusted as necessary.

Impairment testing for goodwill and consolidated surplus values of trademarks

Every year, the Group tests for impairment of goodwill and consolidated surplus values of trademarks in accordance with the accounting policy described under 'Impairment'. The required estimates and their effects are shown under 'Goodwill and trademarks'. Additional information, including a sensitivity analysis, is given in Note 14.

Provisions

Further information on provisions for the year for the warranty risk reserve is provided in Note 23. Provisions for the present value of pension obligations depend on several factors that are determined based on actuarial assumptions. Every change in

these assumptions will affect the carrying amount of the pension obligations. Significant assumptions relating to pension obligations are based partly on prevailing market conditions. Additional information, including a sensitivity analysis, is given in Note 22.

Acquisition-related liabilities

The carrying amount of acquisition-related liabilities is normally based on expected financial performance in acquired operations in future years. If the financial performance differs from the expected performance, it will affect the carrying amount of the acquisition-related liabilities and therefore NIBE Group's earnings. In the event that acquisition-related revaluations are considered to affect comparability, key ratios have been restated for comparability. Acquisition-related revaluations are presented on a separate line in the income statement. See Note 26 for more information on the Group's acquisition-related liabilities.



2 • SEGMENT REPORTING, BUSINESS AREAS

ACCOUNTING POLICY

Operationally, the Group's activities are divided into product group oriented business areas due to the differences in risks and opportunities associated with the various product groups. Operations are led by heads of business areas and supervised by business area boards. The accounting corresponds to the internal reports submitted to Group management.

Pricing for transactions between segments is according to the arm's length principle.

(SEK million)	CLIMATE SOLUTIONS		ELEMENT		STOVES		ELIMINATIONS		TOTAL	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Total net sales	29,926	38,730	12,903	13,917	4,671	5,813	- 6,979	- 11,811	40,521	46,649
Internal net sales	- 3,889	- 7,357	- 1,811	- 2,019	- 807	- 1,055	6,507	10,431	-	-
External net sales	26,037	31,373	11,092	11,898	3,864	4,758	- 472	- 1,380	40,521	46,649
Sales by geographical region										
Nordic region	5,646	7,465	1,433	2,099	722	1,075	- 312	- 950	7,489	9,689
Rest of Europe	12,785	15,957	3,438	4,168	1,749	2,214	- 132	- 393	17,840	21,946
North America	6,770	6,955	4,550	4,360	1,300	1,370	- 28	- 37	12,592	12,648
Other countries	836	996	1,671	1,271	93	99	-	-	2,600	2,366
External net sales	26,037	31,373	11,092	11,898	3,864	4,758	- 472	- 1,380	40,521	46,649
Profit										
Profit by business area	1,600	5,596	362	942	143	533	-	-	2,105	7,071
Unallocated costs and income									566	- 98
Operating profit									2,671	6,973
Financial income									512	461
Financial expenses									- 1,647	- 1,103
Tax expense for the year									- 374	- 1,535
Net profit for the year									1,162	4,796
Other information										
Assets	48,102	46,664	16,421	14,995	7,005	6,897	- 24,214	- 22,794	47,314	45,762
Unallocated assets									23,092	22,342
Total assets									70,406	68,104
Liabilities	5,782	6,588	2,587	2,667	1,182	817	- 366	1,414	9,185	11,486
Unallocated liabilities									29,081	26,411
Total liabilities									38,266	37,897
Investments	1,767	2,717	571	886	159	282				
Depreciation/amortization	1,263	1,053	564	520	222	200				

SEK 3,379 (4,725) million of the Group's net sales relates to customers in the Swedish market, SEK 3,474 (5,497) million to the German market and SEK 11,072 (11,087) million to customers in the USA. SEK 5,706 (5,614) million of the Group's non-current assets are located in Sweden, SEK 11,469 (10,802) million in the USA and Mexico, and SEK 5,841 (5,571) million in Germany and Switzerland. Unallocated costs and income refer to acquisition-related costs, acquisition-related revaluations and Group-wide costs in the parent.

3 • ACQUISITIONS

ACCOUNTING POLICY

The net assets of the acquiree are assessed based on the acquisition-date fair value of assets and liabilities. The purchase price for an acquisition is the fair value of the assets transferred as consideration and the liabilities arising or assumed on the transfer date. In many of the business combinations NIBE carries out, the Group does not buy 100% of the shares in the acquired company at the time of acquisition, which means that the seller legally remains a minority shareholder. Normally, however, the minority shareholder has an option to sell its holding to NIBE at a future time or NIBE has an obligation to buy the minority shareholder's shares in the future. In such situations, NIBE has decided to employ the Anticipated Acquisition Method (AAM), which means that 100% of the subsidiary is considered to have been acquired at the time of acquisition, while the Group recognizes a liability corresponding to the present value of the estimated future purchase price. Consequently, the Group does not recognize any minority interest, referred to under IFRS as "non-controlling interests", in this type of acquisition transaction. Remeasurements of the NCI purchase option liability are recognized in the income statement under operating profit/loss. Profit for the year has been charged with acquisition-related costs of SEK 12 million, recognized as administrative expenses in the consolidated income statement.

Acquisitions during the year

Climate For Life

The acquisition analysis for Climate For Life (CFL) was finalized during the third quarter. Recognized customer relationships and trademarks were just over SEK 1,290 million lower than in the preliminary acquisition analysis. Deferred tax liabilities attributable to these items decreased by just over SEK 330 million. Goodwill has increased by SEK 960 million as a result of the changes. The reason was primarily a major recall case involving a heat pump generation that had already been launched at the time of acquisition and which has been temporarily withdrawn from the market. This resulted in lower sales than previously anticipated due to the wait for a relaunch following a significant change in design. As a result, annual depreciation declined by around SEK 48 million, i.e. around SEK 12 million per quarter.

Other acquisitions

In June, we acquired 50% of the shares in the Swedish element company Relek Produktion, which has sales of around SEK 9.8 million. We have an agreement to acquire the outstanding 50% in 2027. The company is part of NIBE Element and was consolidated with effect from June 2024. In October, we acquired 60% of the shares in the Spanish element company Heat Trace Engineering Solution S.L, which has sales of around EUR 3.9 million. We have an agreement to acquire the outstanding shares by 2029. The company is part of NIBE Element and was consolidated with effect from October 2024. In December, we acquired 60% of the shares in the Australian element company Ohmic Resistors Pty Ltd, which has sales of around AUD 2.8 million. We have an agreement to acquire the outstanding shares by 2030. Ohmic is part of NIBE Element and was consolidated with effect from December 2024.

The consideration consists of the following	Group	
	2024	2023
Climate For Life (SEK million)		
Initial consideration		7,154
Acquisition-related liabilities		-
Total consideration		7,154
Fair value of net assets acquired	-960	2,653
Goodwill	960	4,501
Consideration		7,154
Cash and cash equivalents in acquired companies		- 188
Settled liabilities		-
Unsettled liabilities		-
Effect on the Group's cash and cash equivalents	-	6,966

Net assets acquired are as follows	Group	
	Fair values	Acquired carrying amounts
Climate For Life (SEK million)		
Market positions	1,022	-
Brands	558	275
Other intangible assets	158	847
Property, plant and equipment	167	167
Financial assets	296	296
Current receivables	327	327
Inventories	525	525
Cash and cash equivalents	188	188
Provisions	- 468	- 321
Liabilities	- 1,080	- 1,085
Net assets acquired	1,693	1,219

The table above was adjusted following completion of the acquisition analysis for Climate For Life in 2024. The fair values of acquired customer relationships and trademarks are therefore different from those presented in the 2023 annual report.

The consideration consists of the following	Group	
	2024	2023
Other acquisitions (SEK million)		
Initial consideration	58	1,270
Acquisition-related liabilities	44	761
Total consideration	102	2,031
Fair value of net assets acquired	21	781
Goodwill	81	1,250
Consideration	102	2,031
Cash and cash equivalents in acquired companies	-7	- 100
Settled liabilities	571	616
Unsettled liabilities	-45	- 761
Effect on the Group's cash and cash equivalents	621	1,786

Net assets acquired are as follows	Group	
	Fair values	Acquired carrying amount
Other acquisitions (SEK million)		
Market positions	-	-
Brands	-	-
Other intangible assets	-	-
Property, plant and equipment	4	4
Financial assets	-	-
Current receivables	9	9
Inventories	20	20
Cash and cash equivalents	16	16
Provisions	- 2	- 2
Liabilities	- 26	- 18
Net assets acquired	21	29

Acquired current receivables amounted to SEK 9 million, of which SEK 9 million is expected to be settled.

4 • NET SALES

ACCOUNTING POLICY

NET SALES

Sale of goods

The Group's revenue is derived almost exclusively from the sale of finished goods. Sales are recognized as revenue when the customer has control over the goods, which is usually when the goods have been made available to the customer under the terms of delivery. Revenue is recognized net of discounts, customer bonuses and other similar items.

Service contracts

For certain products in NIBE Climate Solutions, NIBE offers customers the opportunity to sign a one-year service contract, under which NIBE undertakes to perform maintenance service and remedy certain defects that are not covered by the warranty provided. Service contracts are separate performance obligations and are satisfied over time. The amount received is therefore recognized as revenue over the term of the service contract. As the scope of defects cannot be reliably predicted, pricing is based on experience. Payment is received from customers annually in advance, and deferred income will therefore be recognized as revenue gradually over the coming 12-month period.

Extended warranty period contracts

For certain products in NIBE Climate Solutions, NIBE offers customers the opportunity to sign contracts for warranty periods that exceed those provided as standard. Standard warranty periods depend both on the type of product and the market in question. The longest contracts expire within six years. As the scope of defects cannot be reliably predicted, pricing is based on experience. Payment is received from customers on delivery of goods. The extended warranties are also separate performance obligations that are satisfied over time. Deferred income will be recognized as revenue gradually over the coming six-year period.

PARENT COMPANY

The parent's sales refer entirely to contractual sales to Group companies. There was no deferred income at either the start or end of the year.

Timing of revenue recognition

	Deliverables recognized as revenue at a point in time	Deliverables recognized as revenue over time (during the year)	Total revenue from contracts with customers
NIBE Climate Solutions	25,601	436	26,037
NIBE Element	10,505	587	11,092
NIBE Stoves	3,864	-	3,864
Eliminations	- 472	-	- 472
Total revenue	39,498	1,023	40,521

Deliverables recognized as revenue over time

	Service contracts	Extended warranties	Other	Total
Prepaid at start of year	79	324	33	436
Prepaid in sold companies	-	-	-	-
Payments received during the year	185	107	808	1,100
Recognized as revenue during the year	- 146	- 76	- 802	- 1,024
Translation differences	2	22	1	25
Prepaid at year-end	120	377	40	537

For performance obligations other than obligations under service contracts and extended warranties, no information is provided about the transaction price allocated to remaining performance obligations as, at December 31, 2024, there were no such obligations that had an original expected term of more than one year.

5 • OTHER OPERATING INCOME

(SEK million)	Group		Parent	
	2024	2023	2024	2023
Gain on disposal of non-current assets	7	5	-	-
Gain on sale of businesses	-	-	-	-
Exchange gains	249	420	-	-
Other	296	279	-	-
Total	552	704	-	-

6 • REMUNERATION OF SENIOR EXECUTIVES, NUMBERS OF MEN AND WOMEN IN SENIOR POSITIONS

ACCOUNTING POLICY

Principles for remuneration and other terms of employment for senior executives

In accordance with the resolution adopted by the Annual General Meeting, the following principles applied during 2024.

The company shall offer competitive remuneration on market terms to attract and retain personnel.

Remuneration shall be payable as fixed salary, variable salary, retirement benefit contributions or other benefits, such as a company car.

Directors' fees shall not be payable to members of the Board who are employed in the Group.

The period of notice from the company for the CEO shall be six months. The CEO shall have the right to severance pay equivalent to twelve months' salary. Other senior executives shall receive salary during a period of notice which varies from 6-12 months.

All senior executives shall have pension benefits corresponding to the ITP occupational pension plan, section 2, up to 30 basic amounts for social security purposes. For portions of salary above this, a premium of a fixed 30% is payable in accordance with the principles in the defined-contribution ITP plan, section 1. There shall be no special agreements for senior executives to retire before reaching the official retirement age while still receiving a certain proportion of their salaries.

As an incentive, senior executives will be entitled to a variable salary component that is payable if set targets are achieved. The variable component shall be restricted to four months' salary. The possibility also exists to receive an additional month's salary on condition that this additional payment plus another monthly salary paid as a variable bonus is used to purchase NIBE shares. A further condition for entitlement to receive this additional month's remuneration is that the shares thus purchased are retained for at least three years. Under normal circumstances, NIBE shares acquired in this way shall be purchased on one occasion each year in February/March and the purchase shall be subject to the relevant insider trading regulations. The CEO shall not participate in any incentive program. The Board may depart from these guidelines if there are reasons for doing so in an individual case.

The Board's proposal for guidelines for 2025 largely matches the principles approved at the 2024 Annual General Meeting. The Board's opinion is that the group of senior executives subject to the guidelines does not need to be increased as a result of the new rules on remuneration of senior executives from the Swedish Corporate Governance Board.

Agreement on severance pay

Applies only to the CEO in the parent, for whom an agreement has been reached on severance pay amounting to one year's salary.

Pensions

No pension premiums were paid for the CEO in 2024. Other senior executives in the Group have retirement benefits that correspond to the ITP plan, section 2, for that portion of their salary up to 30 income base amounts. For salary amounts above this, a premium of 30% is paid. An exception is made in the case of the head of one of the business areas, who, in his capacity as Managing Director, has an individual pension arrangement with premiums that correspond to those of other senior executives. Under the Group's policy, no further pension premium payments are made if employment continues after the age of 65.

Board and senior executives

(SEK thousands)	2024		2023	
	Salary and other remuneration	Pension costs	Salary and other remuneration	Pension costs
Hans Linnarson, Chairman	1,000	-	1000	-
Jenny Larsson	-	-	500	-
Georg Brunstam	-	-	*500	-
Anders Pålsson	500	-	500	-
Eva Karlsson	500	-	500	-
Eva Thunholm	500	-	500	-
James Ahrgren	500	-	-	-
Camilla Ekdahl	500	-	-	-
Gerteric Lindquist, Managing Director and CEO	10,666	-	9,966	-
Other senior executives:				
5 (4) individuals	26,336	5,240	28,701	5,425
Group total	40,502	5,240	42,167	5,425

* Remuneration for 2023 paid to the estate in 2024.

Gender distribution, Board and management

	2024		2023	
	Number	Of which men	Number	Of which men
Board of Directors	7	4	6	3
Senior management				
Parent	4	4	2	2
Subsidiaries	2	2	3	3
Group	6	6	5	5

7 • PERSONNEL COSTS

Salaries and other remuneration

(SEK million)	2024	2023
Parent	33	32
Subsidiaries	9,546	9,260
Group total	9,579	9,292

Salaries and other remuneration, excluding social security contributions, by country for the Board, CEO, other senior executives and other employees

(SEK million)	2024		2023	
	Board, CEO and senior executives	Other employees	Board, CEO and senior executives	Other employees
Parent	29	6	27	9
Subsidiaries in Sweden ¹⁾ (0 and 0)	11	1,202	15	1,201
Norway ¹⁾ (0 and 2)	-	266	-	257
Finland ¹⁾ (2 and 1)	-	276	-	341
Denmark ¹⁾ (4 and 4)	-	629	-	605
France (0 and 1)	-	81	-	70
Germany ¹⁾ (2 and 3)	-	789	-	832
Poland ¹⁾ (0 and 1)	-	406	-	471
Portugal	-	30	-	12
Czech Republic ¹⁾ (0 and 1)	-	205	-	213
Italy ¹⁾ (0 and 1)	-	460	-	422
Netherlands ¹⁾ (1 and 1)	-	534	-	335
Belgium	-	42	-	36
UK ¹⁾ (1 and 0)	-	323	-	296
Ireland	-	42	-	15
Spain	-	35	-	31
Romania	-	53	-	49

Salaries and other remuneration, excluding social security contributions, by country for the Board, CEO, other senior executives and other employees

(SEK million)	2024		2023	
	Board, CEO and senior executives	Other employees	Board, CEO and senior executives	Other employees
Slovakia	-	1	-	2
Russia	-	0	-	26
Austria ¹⁾ (0 and 1)	-	71	-	77
Switzerland ¹⁾ (3 and 2)	-	418	-	417
Serbia	-	142	-	161
Slovenia	-	36	-	34
Turkey	-	112	-	105
China ¹⁾ (0 and 0)	-	166	-	151
Malaysia	-	4	-	4
Vietnam	-	40	-	32
Taiwan	-	2	-	2
Thailand	-	9	-	9
Singapore	-	4	-	3
Australia	-	22	-	23
Mexico	-	372	-	352
Costa Rica	-	17	-	1
Canada	-	430	-	462
USA ¹⁾ (10 and 6)	-	2,314	-	2,197
Group total	40	9,539	42	9,253

¹⁾ (of which bonus, SEK million)

7 • PERSONNEL COSTS

Personnel costs

(SEK million)	2024		2023	
	Social security Costs	of which pension costs	Social security Costs	of which pension costs
Parent	14	4	13	4
Subsidiaries	1,798	400	1,689	349
Group total	1,812	404	1,702	353

As in the previous year, none of the parent's pension costs relate to the CEO. The parent's outstanding pension obligations to the Board of Directors and the CEO amount to SEK 8 (8) million. The corresponding amount for the Group is SEK 12 (12) million. The Group has no outstanding pension obligations to the previous Board of Directors and CEO.

Average number of employees and gender distribution

	2024			2023		
	Number of employees	Women	Men	Number of employees	Women	Men
Parent	11	5	6	11	6	5
Subsidiaries in Sweden	2,348	526	1,822	2,708	710	1,998
Norway	343	75	268	369	78	291
Finland	487	104	383	627	140	487
Denmark	732	218	514	780	234	546
France	107	25	82	98	24	74
Germany	1,225	228	997	1,332	257	1,075
Poland	1,826	942	884	2,540	1,292	1,248
Portugal	130	44	86	68	22	46
Czech Republic	809	323	486	842	333	509
Italy	743	233	510	710	226	484
Netherlands	713	143	570	476	89	387
Belgium	54	8	46	41	6	35
UK	595	125	470	617	132	485
Ireland	80	30	50	46	26	20
Spain	78	24	54	67	21	46
Romania	358	249	109	309	209	100
Slovakia	2	1	1	3	1	2

Average number of employees and gender distribution

	2024			2023		
	Number of employees	Women	Men	Number of employees	Women	Men
Russia	0	0	0	222	57	165
Austria	76	19	57	86	19	67
Switzerland	316	70	246	377	90	287
Serbia	696	255	441	954	346	608
Slovenia	44	10	34	48	11	37
Turkey	478	35	443	507	40	467
China	989	388	601	863	335	528
Malaysia	27	16	11	26	17	9
Vietnam	986	583	403	844	529	315
Taiwan	4	1	3	4	1	3
Thailand	124	59	65	119	55	64
Singapore	9	4	5	10	5	5
Australia	28	6	22	28	6	22
Mexico	2,215	1,199	1,016	2,527	1,366	1,161
Costa Rica	143	124	19	86	71	15
Canada	615	122	493	694	146	548
USA	3,493	1,116	2,377	3,423	1,135	2,288
Group total	20,884	7,310	13,574	22,462	8,035	14,427

8 • RESEARCH AND DEVELOPMENT COSTS

Research and development costs of SEK 1,421 (1,319) million are included in Cost of goods sold.

9 • REMUNERATION OF AUDITORS

Group (SEK million)	2024			2023		
	KPMG	Other auditors	Total Group	KPMG	Other auditors	Total Group
Audit engagements*	26	14	39	24	12	36
Other audit-related fees	3	2	6	3	3	6
Tax advisory services **	2	11	13	2	11	13
Other services ***	4	7	11	12	15	27
Total	35	34	69	41	41	82

During the year, the parent incurred costs of SEK 2 (2) million for auditing and SEK 3 (18) million for other services from different auditing firms.

* of which SEK 9 million to KPMG AB

**of which SEK 1 million to KPMG AB

*** of which SEK 2 million to KPMG AB

Audit engagements refers to the statutory audit of the annual report, consolidated financial statements and accounting records, the administration of the Board of Directors and the CEO, and auditing and other reviews carried out by agreement or contract. This includes other tasks that the company's auditor is required to perform and advice or other assistance arising out of observations made in connection with such review or the performance of such tasks.

10 • INCOME STATEMENT BY NATURE OF EXPENSE

(SEK million)	Group		Parent	
	2024	2023	2024	2023
Net sales	40,521	46,649	62	48
Change in inventories	- 1,853	1,924	-	-
Other operating income	1,149	824	-	-
	39,817	49,397	62	48
Raw materials and consumables	- 17,061	- 22,146	-	-
Other external costs	- 6,116	- 6,915	- 114	- 126
Personnel costs	- 11,724	- 11,539	- 46	- 46
Depreciation/amortization	- 2,245	- 1,824	-	-
Operating profit /loss	2,671	6,973	- 98	- 124

11 • PROFIT FROM FINANCIAL ITEMS

ACCOUNTING POLICY

Interest income and dividends received

Interest income is recognized as revenue in accordance with the effective interest method. Dividends received are recognized as revenue when the right to receive the dividend is established.

FINANCIAL INCOME

(SEK million)	Group		Parent	
	2024	2023	2024	2023
Interest income, Group companies	-	-	168	179
Interest income, other	295	149	4	3
Exchange gains	165	197	45	281
Other financial income	15	76	-	46
Total	475	422	217	509

PROFIT FROM PARTICIPATIONS IN GROUP COMPANIES

(SEK million)	Group		Parent	
	2024	2023	2024	2023
Dividend	-	-	741	993
Impairment of investments in subsidiaries	-	-	- 48	-
Total	-	-	693	993

FINANCIAL EXPENSES

(SEK million)	Group		Parent	
	2024	2023	2024	2023
Interest expense, Group companies	-	-	4	1
Interest expense, items at fair value	79	22	79	22
Interest expense, other	1,340	860	736	468
Exchange losses	150	158	165	23
Other financial expenses	78	63	-	2
Total	1,647	1,103	984	516

12 • APPROPRIATIONS

ACCOUNTING POLICY

Group contributions

Group contributions are recognized in accordance with the alternative rule in RFR 2. Under the alternative rule, a Group contribution that a parent receives from a subsidiary is recognized as an appropriation in the parent. A Group contribution provided by the parent is recognized as an appropriation.

(SEK million)	Parent	
	2024	2023
Group contributions	415	-
Total	415	-

13 • TAXES

ACCOUNTING POLICY

Recognized income taxes include current tax, adjustments for prior years' current tax and changes in deferred tax. All tax liabilities and tax assets are measured at the nominal amount in accordance with the tax regulations and tax rates that have been enacted or substantively enacted.

For items recognized in the income statement, the associated tax effects are also recognized in profit or loss. Tax is recognized in other comprehensive income if the tax is attributable to items recognized in other comprehensive income.

Deferred tax is calculated in accordance with the balance sheet method for all material temporary differences arising between the carrying amount of assets and liabilities and their corresponding tax bases. Such temporary differences arise mainly through Group surpluses. Deferred tax assets in respect of loss carryforwards or other future taxable deductions are recognized to the extent that it is probable that the amount can be offset against future taxable profit.

Due to the relationship between accounting and taxation, the deferred tax liability on untaxed reserves is recognized in the parent as a portion of the untaxed reserves.

Global minimum tax

The majority of the companies in the Group operate in countries that have adopted the new Pillar 2 legislation to implement the global minimum tax.

The Group's calculations of effective tax per country did not indicate any significant effect on the Group.

(SEK million)	Group		Parent	
	2024	2023	2024	2023
Current tax for the year	617	1,656	30	20
Current tax attributable to prior years	- 27	- 28	-	-
Deferred tax	- 216	- 93	-	10
Total	374	1,535	30	30

Tax on items recognized in other comprehensive income

(SEK million)	Group		Parent	
	2024	2023	2024	2023
Defined-benefit pensions	- 6	- 10	-	-
Market valuation of currency forward contracts	- 12	10	-	-
Current tax attributable to exchange differences	143	- 65	-	-
Current tax attributable to foreign net investment	- 30	40	-	-
Total	95	- 25	-	-

Difference between the Group's tax expense and tax expense based on current tax rate

The applicable tax rate was calculated based on the 20.6% (20.6%) tax rate that applies to the parent. See also page 81.

(SEK million)	Group		Parent	
	2024	2023	2024	2023
Recognized profit before tax	1,536	6,331	243	863
Tax at current rate	316	1,304	50	178
Non-deductible expenses	255	200	133	57
Non-taxable earnings	- 240	- 138	-	-
Dividends from subsidiaries	-	-	- 153	- 205
Adjusted tax for prior years	- 27	- 28	-	-
Loss carryforwards not capitalized	38	- 19	-	-
Effect of foreign tax rates	32	214	-	-
Recognized tax expense	374	1,535	30	30

Expiry of loss carryforwards not capitalized

Accumulated loss carryforwards not offset by recognized deferred tax assets amount to SEK 257 (172) million for the Group. The expiry dates for loss carryforwards are within the following intervals:

(SEK million)	Group	
	2024	2023
Expiry within 1-5 years	98	85
Expiry within 6-10 years	26	3
Expiry after 10 years	4	4
Continue indefinitely	129	80
Total	257	172

13 • TAXES

Temporary differences

Temporary differences in the following items resulted in deferred tax liabilities and deferred tax assets. Deferred tax liabilities are not recognized for temporary differences attributable to investments in subsidiaries, as the parent can control the timing of the reversal of the temporary differences.

Deferred tax assets

(SEK million)	Group		Parent	
	2024	2023	2024	2023
Loss carryforwards	136	36	-	-
Provisions för pension obligations	63	46	-	-
Provisions for guarantee obligations	30	40	-	-
Temporary differences in non-current assets	- 30	-15	-	-
Other	553	440	5	4
Total	752	547	5	4

Deferred tax liabilities

(SEK million)	Group		Parent	
	2024	2023	2024	2023
Untaxed reserves	67	75	-	-
Temporary differences in non-current assets	1,694	2,041	-	-
Other	289	245	11	-
Total	2,050	2,361	11	-

Deferred tax assets

(SEK million)	Loss carryforwards	Provisions for pension obligations	Provisions for extended warranties	Temporary differences in non-current assets	Other	Total
Amount at start of year	36	46	40	-15	440	547
Acquired companies	-	-	-	-	-	-
Recognized in income statement	99	5	-12	- 17	77	152
Recognized in other comprehensive income	-	13	-	-	2	15
Translation difference	1	-1	2	2	34	38
Amount at end of year	136	63	30	- 30	553	752

Deferred tax liabilities

(SEK million)	Untaxed reserves	Temporary differences in non-current assets	Other	Total
Amount at start of year	75	2,041	245	2,361
Acquired companies	-	-	-	-
Sold companies	-	-	-	-
Recognized in income statement	-9	- 409	13	- 405
Effect of applying IAS 29	-	-	8	8
Translation difference	1	62	23	86
Amount at end of year	67	1,694	289	2,050

14 • INTANGIBLE ASSETS

ACCOUNTING POLICY

GOODWILL AND TRADEMARKS

Goodwill and the consolidated surplus value of trademarks have arisen in connection with business combinations. Trademarks are measured at fair value on the acquisition date. As the useful life of trademarks depends on a number of unknown factors such as technological advances and market trends, and cannot be calculated with certainty, NIBE has so far considered it to be indefinite. Goodwill and assets with indefinite useful lives are not amortized. However, an impairment test is conducted annually, or more frequently if there are indications of impairment, in which case the Group's carrying amounts for these assets are compared with their estimated value in use based on their discounted future cash flows. The assets are valued by segment, i.e. by business area, which involves calculating future cash flows from each segment as a cash-generating unit. When the value in use is less than the carrying amount, the carrying amount is written down to the value in use. The assets are therefore recognized at cost less accumulated impairment.

Impairment testing

NIBE Group prepares budgets for one year at a time. This means that cash flows for the first year of an asset's useful life are based on the budget approved by the Board. Cash flows up until the end of the useful life are estimated by extrapolating the cash flow based on the prepared budget and the assumed organic sales growth, working capital requirements and gross profit margins over the useful life.

- The organic sales growth for years 2-5 is calculated based on management's best estimates about the future based on the Group's historical experience. For subsequent years, a lower growth rate has been assumed, equivalent to the estimated long-term growth rate for the sector.
- The requirement for working capital during the useful life is estimated with the aid of the Group's historical experience and the assumed organic sales growth.
- The gross profit margin is based on the adopted budgets for each cash-generating unit.
- The discount rate is calculated by weighting the assessed required return on equity plus the standard tax rate and the estimated long-term interest level on the Group's interest-bearing liabilities.

Sensitivity analysis

A sensitivity analysis has been carried out with regard to significant assumptions applied in impairment testing. The following assumptions have been used to test sensitivity.

- Organic growth in years 2-5 is two percentage points lower.
- The gross profit margin is two percentage points lower.
- The requirement for working capital for organic growth is two percentage points higher.
- The discount rate is two percentage points higher.

None of the above assumptions resulted in impairment of goodwill for any of the Group's cash-generating units.

MARKET POSITIONS AND OTHER INTANGIBLE ASSETS

Expenditures are incurred for product development in all NIBE Group business areas. During the development phase, several criteria are used for recognizing development projects as intangible assets. Expenditures are capitalized if it is technically feasible to complete the asset, the intention is to complete the asset either for use or sale, the asset is expected to generate future economic benefits, it is financially possible to complete the asset and the cost of the asset can be measured reliably. Expenditures are capitalized from the date on which all the above criteria are met.

Other development expenditures which do not meet these conditions are recognized as expenses as they arise. Development expenditures which have previously been expensed are not recognized as assets in a subsequent period.

Amortization according to plan is based on cost and is apportioned over the estimated useful life of the assets.

Other intangible assets refers to tenancy rights, patents, licenses, computer programs, market positions, etc. These assets have finite useful lives according to assessments by the Group.

Useful life of intangible assets

Group management determines the estimated useful life, and thus the associated amortization of the Group's intangible assets. These estimates are based on historical knowledge of the useful life of equivalent assets. The useful life and estimated residual value are tested at the end of each reporting period and adjusted as necessary.

Significant assumptions in 2024

Assumptions	Cash-generating unit		
	NIBE Climate Solutions	NIBE Element	NIBE Stoves
Growth rate, years 2-5, %	7.0-10.0		
Growth rate, year 6 and later, %	2.0	2.0	2.0
Working capital requirement for organic growth, %	15.0	15.0	18.0
Pre-tax discount rate, %	9.4	10.1	9.7

Amortization

Market positions	7-11%
Other intangible assets	5-33%

MARKET POSITIONS

Market positions refers to the measurement of cash flows from identified customer relationships. Amortization for the year is recognized as a selling expense in the consolidated income statement.

(SEK million)	Group	
	2024	2023
Cost		
Opening cost	5,600	3,499
Investments for the year	0	2,223
Sales and retirements	- 1,112	-
Translation differences	276	- 122
Closing accumulated cost	4,764	5,600
Amortization		
Opening amortization	2,168	1,884
Reclassifications	-	-
Amortization for the year	297	308
Translation differences	135	-24
Closing accumulated amortization	2,600	2,168
Closing carrying amount	2,164	3,432

Sales and retirements for 2024 comprised the adjusted acquisition analysis for Climate For Life (CFL) of SEK 1,112 million, see Note 3.

14 • INTANGIBLE ASSETS

GOODWILL

(SEK million)	Group	
	2024	2023
Cost		
Opening cost	22,959	17,674
Cost in acquired companies	1	793
Investments for the year	1,046	4,798
Sales and retirements	0	- 12
Effect of applying IAS 29	249	118
Translation differences	1,067	- 412
Closing accumulated cost	25,322	22,959
Impairment		
Opening impairment	34	44
Impairment for the year	0	0
Translation differences	- 2	- 10
Closing accumulated impairment	32	34
Closing carrying amount	25,290	22,925
Carrying amount by business area		
NIBE Climate Solutions	18,298	16,335
NIBE Element	4,601	4,251
NIBE Stoves	2,391	2,339
Total	25,290	22,925

Investments for the year for 2024 included amounts relating to the adjusted acquisition analysis for Climate For Life (CFL) of SEK 960 million, see Note 3.

OTHER INTANGIBLE ASSETS

Rights of tenancy, patents, development costs, computer programs, licenses, etc.

(SEK million)	Group	
	2024	2023
Cost		
Opening cost	2,385	1,701
Cost in acquired companies	0	292
Investments for the year	472	450
Sales and retirements	- 208	- 38
Reclassifications	162	36
Translation differences	55	- 56
Closing accumulated cost	2,866	2,385
Amortization		
Opening amortization	1,097	950
Sales and retirements	- 106	- 22
Amortization for the year	252	202
Reclassifications	3	- 2
Translation differences	31	- 31
Closing accumulated amortization	1,277	1,097
Impairment		
Opening impairment	5	7
Sales and retirements	0	- 4
Impairment for the year	165	3
Translation differences	0	-1
Closing accumulated impairment	170	5
Closing carrying amount	1,419	1,283

BRANDS

(SEK million)	Group	
	2024	2023
Cost		
Opening cost	3,401	2,601
Cost in acquired companies	0	275
Investments for the year	0	594
Sales and retirements	- 184	-
Translation differences	180	- 69
Closing accumulated cost	3,397	3,401
Amortization		
Opening amortization	27	22
Amortization for the year	0	10
Translation differences	2	-5
Closing accumulated amortization	29	27
Closing carrying amount	3,368	3,374
Carrying amount by business area		
NIBE Climate Solutions	2,651	2,691
NIBE Element	364	339
NIBE Stoves	353	344
Total	3,368	3,374

Sales and retirements for 2024 comprised the adjusted acquisition analysis for Climate For Life (CFL) of SEK 184 million, see Note 3.

Amortization and impairment of other intangible assets are recognized within the following functions:

(SEK million)	Group	
	2024	2023
Cost of goods sold	200	155
Selling expenses	8	7
Administrative expenses	44	40
Total	252	202

Other intangible assets consist mainly (SEK 1,073 million) of capitalized development costs. Capitalized development costs are amortized over their estimated useful lives. In 2024, these were between 4 and 6 years.

15 • PROPERTY, PLANT AND EQUIPMENT

ACCOUNTING POLICY

Items of property, plant and equipment are recognized at cost less accumulated depreciation and any impairment. Cost includes the purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended. Expenditure on improving the performance of the assets, above the original level, increases the carrying amount of the assets. Expenditure on repairs and maintenance is expensed as incurred.

Depreciation according to plan is based on cost, which, after deducting any residual value, is allocated over the asset's estimated useful life. The following percentages have been applied to depreciation:

Buildings	2-7%
Land improvements	2-10%
Machinery and equipment	10-33%
Fixtures and fittings	4%

LAND AND BUILDINGS

	Group	
(SEK million)	2024	2023
Cost		
Opening cost	4,749	4,258
Cost in acquired companies	0	127
Investments for the year	313	273
Sales and retirements	- 8	- 47
Reclassifications	1,023	161
Translation differences	155	- 23
Closing accumulated cost	6,232	4,749
Depreciation		
Opening depreciation	1,308	1,171
Depreciation for the year	184	163
Sales and retirements	- 8	- 14
Reclassifications	4	6
Translation differences	38	- 18
Closing accumulated depreciation	1,526	1,308
Closing carrying amount	4,706	3,441
of which land	535	509
Closing carrying amount, land and buildings in Sweden	1,671	994

CONSTRUCTION IN PROGRESS

	Group	
(SEK million)	2024	2023
Cost		
Opening cost	2,859	1,250
Costs incurred during the year	1,245	1,980
Sales and retirements	- 4	- 1
Re-allocations during the year	- 1,906	- 354
Translation differences	23	- 16
Closing accumulated cost	2,217	2,859

MACHINERY AND EQUIPMENT

	Group		Parent	
(SEK million)	2024	2023	2024	2023
Cost				
Opening cost	7,140	5,935	1	1
Cost in acquired companies	2	410	-	-
Investments for the year	617	1,017	-	-
Sales and retirements	-341	- 295	-	-
Effect of applying IAS 29	8	9	-	-
Reclassifications	599	210	-	-
Translation differences	280	- 146	-	-
Closing accumulated cost	8,305	7,140	1	1
Depreciation				
Opening depreciation	3,816	3,543	1	1
Sales and retirements	-289	- 258	-	-
Depreciation for the year	726	612	-	-
Reclassifications	-13	- 4	-	-
Translation differences	142	- 77	-	-
Closing accumulated depreciation	4,382	3,816	1	1
Impairment				
Opening impairment	21	18	-	-
Sales and retirements	-3	-	-	-
Impairment for the year	13	6	-	-
Translation differences	0	-3	-	-
Closing accumulated impairment	31	21	-	-
Closing carrying amount	3,892	3,303	-	-

ACCOUNTING POLICY

Right-of-use assets

NIBE Group's right-of-use leases mainly concern premises and generally contain renewal options. They are used frequently by Group companies, for which reason the value of right-of-use assets in most cases where premises are concerned is based on assumptions of renewal terms.

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At the start of the lease, or when reviewing a lease that contains several components, both lease and non-lease components, the Group allocates payment under the contract to each component based on the independent price. For leases for buildings and land in which the Group is the lessee, the Group has, however, decided not to distinguish between lease and non-lease components and recognizes lease and non-lease components that are paid for with a fixed amount as a single lease component.

Leases as lessee

The Group recognizes a right-of-use asset and a lease liability at the commencement date of the lease. The right-of-use asset is measured initially at cost, which consists of the initial value of the lease liability and lease payments made on or before the commencement date, plus any initial direct expenses. The right-of-use asset is depreciated on a straight line basis from the commencement date until the earlier of the end of the asset's useful life and the end of the lease term. This is normally the end of the lease term for the Group. In the less common cases in which the cost of the right of use reflects the fact that NIBE will exercise an option to buy the underlying asset, the asset is depreciated to the end of the useful life.

Lease liabilities that are divided into a non-current part and a current part are initially measured at the present value of outstanding lease payments during the estimated lease term. The lease term consists of the non-cancelable lease term plus extension options in the agreement if, at the commencement date, it is deemed reasonably certain that they will be exercised.

The lease payments are normally discounted at the Group's incremental borrowing rate which, in addition to the Group's/company's credit risk, reflects each lease's term and currency and the quality

of the underlying asset as intended security. However, where the interest rate implicit in the lease can be readily determined, that rate is used.

The lease liability comprises the present value of the following payments during the estimated lease term:

- fixed payments, including in-substance fixed payments,
- variable lease payments linked to an index or rate, initially measured using the index or rate applicable at the commencement date,
- any residual value guarantees that are expected to be paid,
- the exercise price for a purchase option that the Group is reasonably certain it will exercise, and
- penalties payable on termination of the lease if the estimated lease term indicates that such termination will occur.

The value of the liability increases with the interest expense for each term and decreases with the lease payments. The interest expense is calculated as the liability's value times the discount rate.

The lease liability for the Group's premises with rent that is indexed is calculated with the rent applicable at the end of each reporting period. At this time, the liability is adjusted by the corresponding adjustment of the carrying amount of the right-of-use asset. Correspondingly, the value of the liability and the asset is adjusted when the lease term is reassessed. This takes place when the last termination date in the previously estimated lease term for a premises lease has passed or when significant events occur or circumstances change significantly in a manner that is within NIBE's control and affect the current assessment of the lease term.

The Group presents right-of-use assets and lease liabilities as separate items in the balance sheet.

Right-of-use assets and lease liabilities are not reported for leases with a lease term of 12 months or less, or where the underlying asset has a low value, below SEK 50,000. Lease payments for these leases are recognized as an expense on a straight line basis over the lease term. There are extension and termination options to which companies may be exposed that are not included in the valuation of the lease liability.

The parent has no leases.

16 • RIGHT-OF-USE ASSETS

CHANGE IN CARRYING AMOUNT

Right-of-use asset (SEK million)	Jan 1, 2024	Acquired companies	Sold companies	Added during the year	Depreciation during the year	Translation differences	Dec 31, 2024
Premises	1,553	2	-	733	- 413	54	1,929
Machinery	71	-	-	52	- 26	7	104
Vehicles	205	1	-	135	- 113	- 9	219
IT equipment	50	-	-	9	- 13	2	48
Other	86	-	-	32	- 26	7	99
Total	1,965	3	-	961	- 591	61	2,399

Lease liabilities at end of year

See Note 29 for the maturity structure of the Group's lease liabilities.

(SEK million)	Dec 31, 2024	Dec 31, 2023
Non-current liabilities	1,798	1,462
Current liabilities	619	520
Total lease liabilities at end of year	2,417	1,982

Income statement

Under IFRS 16, lease payments must be partly charged to net financial items. Consequently, IFRS 16 has resulted in an improvement of SEK 64 (50) million in the Group's operating profit for 2024, while net financial items have decreased by a corresponding amount.

(SEK million)	2024	2023
Depreciation of capitalized leases	591	477
Lease payments for non-capitalized short-term leases and low-value leases	39	40
Interest expenses	64	50
Total lease payments in the income statement	694	567

Cash flow

Lease payments for the right-of-use assets capitalized in the consolidated balance sheet are recognized in the statement of cash flows under Financing activities as amortization of lease liabilities and interest expenses. Lease payments for short-term leases and low-value leases are recognized under Operating activities.

(SEK million)	2024	2023
Amortization of lease liabilities	655	498
Lease payments for non-capitalized short-term leases and low-value leases	39	40
Total cash flow	694	538

17 • SHARES IN SUBSIDIARIES

ACCOUNTING POLICY

Parent's reporting of shares in subsidiaries

The parent reports in accordance with the cost method and capitalizes costs which are directly attributable to the acquisition. Acquisition-related liabilities are recognized at the probable outcome. Any future adjustments will affect the carrying amount of shares in the subsidiary.

SHARES IN SUBSIDIARIES

During the year, the holdings in NIBE Energy Systems France SAS and Cetetherm AB were written down.

(SEK million)	2024	2023
Cost		
Opening cost	21,958	13,480
Investments for the year	247	8,478
Closing accumulated cost	22,205	21,958
Impairment		
Opening impairment	726	726
Impairment for the year	48	20
Reversal of impairment	-	- 20
Closing accumulated impairment	774	726
Closing carrying amount	21,431	21,232

Subsidiary	Holding	Shares	Carrying amount SEK million
ABK-Qviller AS	100%	500	210
AirSite AB	100%	1,000	19
ARGOCLIMA S.p.A.	50%	13,416,000	683
Backer AB	100%	37,170	186
Backer EHP Inc.	100%	100	217
Calvin Holdco B.V.	100%	84,368,184	7,193
Cetetherm AB	100%	50,000	5
CK Fires Ltd	51%	204	60
Contura AB	100%	15,000	451
CTC AB	100%	27,000	216
Druzstevni Zavody Drazice-strojirna s.r.o.	100%	7	199
Eltwin A/S	100%	500	172
HT S.p.A.	100%	200,000	569
Jevi A/S	100%	1	30
JSC Evan*	100%	8,631	-
Kaukora Oy	100%	759	201
Lotus Heating Systems A/S	100%	1,076,667	50
Loval Oy	100%	768	40
LS Control A/S	70%	499,800	465
METRO THERM A/S	100%	3,400	181
NIBE AB	100%	400,000	153
NIBE Climate Solutions Canada Corp.	100%	14,132,000	208
NIBE Energy Systems France SAS	100%	100	81
NIBE Energy Systems Inc.	100%	100	900
NIBE Stoves Canada Corp.	100%	100	683
NIBE Stoves GmbH	100%	1	-
NIBE Treasury AB	100%	15,000	11
Nordpeis AS	100%	12,100	142
Rhoss S.p.A.	100%	12,020,000	477
SAN Electro Heat A/S	100%	13	18
Snowcliff AG	100%	10,625,000	4,860

Subsidiary	Holding	Shares	Carrying amount SEK million
Solzaima - Equipamentos para Energias Renováveis S.A.	83%	75,440	441
Springfield Wire de Mexico S.A. de C.V.	100%	10,000	42
Stovax Heating Group Ltd	100%	198,900	491
TermaTech A/S	100%	500	62
TIKI d.o.o. Stara Pazova	100%		377
Üntes Isitma Klima Sogutma San Ve Tic A.S	50%	7,500,000	878
Üntes VRF Klima Sistemleri A.S.	78%	3,120	88
Varde Ovne A/S	100%	4,009	21
WaterFurnace Renewable Energy Corp.	100%	14,666,765	96
Waterkotte GmbH	100%		234
Wiegand S.A. de C.V.	100%	15,845,989	21
Total			21,431

*Non-trading company that is being wound up.

17 • SHARES IN SUBSIDIARIES

Shares owned via subsidiaries	Holding %	Number of shares
Aggregatet 1 i Ljungby AB	100.00	50,000
ait-austria GmbH	100.00	1
ait-cesko s.r.o	100.00	200,000
ait-deutschland GmbH	100.00	
ait Schweiz AG	100.00	250
ait-slovensko s.r.o	100.00	5,000
ait-värmeteknik-sverige AB	100.00	1000
Askoma AG	100.00	200,000
Askoma SDN BHD	100.00	500,000
ATE-Electronics S.r.l.	100.00	
Backer Alpe S. de R.L. de C.V.	100.00	
Backer Asia Ltd	100.00	1,000
Backer Azthermal Engineering SDN BHD	70.00	1,000
Backer Azthermal SDN BHD	100.00	499
Backer Cellnergy Engineering PTY Ltd	100.00	
Backer Heating Technologies France SARL	100.00	12,429
Backer Heating Technologies GmbH	100.00	25,000
Backer ELC AG	100.00	34,000
Backer Elektro CZ a.s.	100.00	
Backer ELTOP s.r.o.	100.00	
Backer Facsa S.L.	100.00	34,502
Backer Fastighets AB	100.00	500
Backer Fer s.r.l.	100.00	
Backer Grand Heater Co Ltd	100.00	299,998
Backer Heating Technologies Co. Ltd	100.00	
Backer Heating Technologies Inc	100.00	100
Backer Hotwatt Inc.	100.00	100
Backer HTV Co. Ltd	100.00	100
Backer Marathon Inc.	100.00	100
Backer OBR Sp. z o.o.	100.00	10,000
Backer-Springfield Dongguan Co. Ltd	100.00	
Backer-Wilson Elements Pty Ltd	51.00	
Backer Wolff GmbH	100.00	
Beckasinen i Markaryd AB	100.00	1,000
Biawar Produkcja Sp z.o.o	100.00	50
Briskheat Corporation	100.00	13,509,070
BriskHeat Corporation CR S.A	100.00	120

Shares owned via subsidiaries	Holding %	Number of shares
Briskheat Corporation HK Limited	100.00	10,000
Briskheat Shenzhen Trading Company Ltd	100.00	
Briskheat Technology Company Co. Ltd	100.00	60,000
Briskheat Vietnam Co Ltd	100.00	
Ceramicx Ireland Ltd	77.50	947,825
Cetetherm LLC*	100.00	
Cetetherm SAS	100.00	30,000
Cetetherm s.r.o.	100.00	
CFL Group B.V.	100.00	10
CFL Ontwikkeling en Exploitatie B.V.	100.00	10
CGC Group of Companies Inc.	100.00	640
ClimaCool Corp.	100.00	1,000
ClimateCraft Inc.	100.00	1,000
ClimateMaster Inc.	100.00	1,000
Contura Stoves Ltd	100.00	1
CTC Benelux	100.00	859,550
CTC Norge AS	100.00	1,001
CTC AG	100.00	700
Danotherm Electric A/S	100.00	1,000
DMD Dis Ticaret Makine Sanayi AS	51.00	36,720
E. Braude (London) Ltd	100.00	80,000
Electro Therm s.a.s	70.00	1,750
ELEKTRON-ETTO, s.r.o.	50.10	
Elektrotermija d.o.o.	100.00	
Elmess Thermosystemtechnik GmbH	100.00	
Elmess Thermosystemtechnik Verwaltungs-GmbH	100.00	
Eltwin Sp. z.o.o.	100.00	100
Energie Exploitatie Rijswijk Buiten B.V.	100.00	
Enertech Global LLC	100.00	
Enertech Ltd	100.00	249,000
Fireplace Products Australia Pty Ltd	100.00	1
Fireplace Products US Inc.	100.00	1,000,000
Flex Academy D.O.O.	100.00	
FPI Fireplace Products International Ltd	100.00	1,604,218
Gaumer Company Inc	100.00	

Shares owned via subsidiaries	Holding %	Number of shares
Gazco Ltd	100.00	30,000
Giersch GmbH	100.00	100
Go Geothermal Ltd	75.00	300
Graybar Ltd	100.00	2
Greendraco S.A	100.00	50,000
Heat Safe Cable Systems Ltd	100.00	1
Heat Trace Engineering Solutions S.L.	60.00	11
Heat Trace Holdings Ltd	100.00	1,501
Heat Trace Ltd	100.00	1,330
Heating Group International B.V.	100.00	370
Heatpoint B.V.	100.00	800
Heatrod Elements Ltd	100.00	68,000
Heatron Inc.	100.00	1,200,000
Hemi Heating AB	100.00	1,500
Hemi Heating Technology Co Ltd	80.00	
Heiax AS	100.00	1,000
HT Est Division s.r.l.	100.00	100
HT Heizelemente Deutschland GmbH	100.00	1
Hyper Engineering Pty Ltd	100.00	
International Environmental Corp.	100.00	300
IPAR i Sverige AB	60.00	36,000
Itho Daalderop B.V.	100.00	6,065
Itho Daalderop Belgium B.V.B.A.	100.00	36,557
Itho Images B.V.	100.00	200
Jac. De Vries Gesta B.V.	100.00	40
KKT chillers Inc.	100.00	1,000
Klimaatgarant B.V.	100.00	4,000
Klimaatgarant Exploitatie B.V.	100.00	1
Klöpffer GmbH & Co. KG	100.00	
Klöpffer-Therm GmbH	100.00	
Klöpffer-Therm Verwaltungs-GmbH	100.00	
Klöpffer Verwaltungs GmbH	100.00	
KNV Energietechnik GmbH	100.00	
Koax Corp.	100.00	50
KVM-Genvex A/S	100.00	2,500
Living Blue B.V.	100.00	1
Lund & Sörensen AB	100.00	1,000

*Non-trading company that is being wound up.

17 • SHARES IN SUBSIDIARIES

Shares owned via subsidiaries	Holding, %	Number of shares
Lund & Sørensen A/S	100.00	500
Lund & Sørensen Electric Heating Equipment Accessory Co Ltd	100.00	
METRO THERM AB	100.00	1,000
Meyer Vastus AB, Oy	100.00	20
Miles Industries (Australia) Pty Ltd	100.00	10
Miles Industries Inc	100.00	
Miles Industries Ltd	65.00	
Moravská dopravní společnost, a.s.	100.00	
myUpTech AB	100.00	1,000
myUptech Inc	100.00	100
Nathan Belgie B.V.	100.00	100
Nathan Holding B.V.	75.00	13,500
Nathan Industries B.V.	100.00	180
Nathan Projects B.V.	100.00	100
Nathan Projects BVBA	100.00	10
Nathan Service B.V.	100.00	18,000
Nathan Systems B.V.	100.00	100
Nathan Systems NV	100.00	1,008
Naturenergi IWABO AB	100.00	1,000
NIBE Beteiligungsverwaltung GmbH	100.00	
NIBE-BIAWAR Sp. z o.o.	100.00	83,962
NIBE Energietechnik B.V.	100.00	180
NIBE Energy Systems Ltd	100.00	100
NIBE Energy Systems Oy	100.00	15
NIBE Foyers France S.A.S.	100.00	370
NIBE IT R&D d.o.o Beograd	100.00	
NIBE Systemtechnik GmbH	100.00	
Norske Backer AS	100.00	12,000
Nordpeis Sp. z o.o	100.00	3,134
Ohmic Resistors Pty Ltd	60.00	600
Omni Control Technology Inc.	100.00	200,000
Osby Parca AB	100.00	10,000
Osby Parca Fastighets AB	100.00	5,000
Osby Parca Holding AB	100.00	5,000
Pacific Energy Australia Pty Ltd	100.00	100

Shares owned via subsidiaries	Holding, %	Number of shares
Pacific Energy Fireplace Products Ltd	100.00	1,049,310
PGR Partners NV	51.00	829
RELEK Production AB	75.00	750
Renting 959 KB	100.00	
Rhoss Deutschland GmbH	100.00	
Rotterdamse Elementen Fabriek B.V.	100.00	23
Scandymet AB	100.00	1,000
Sinus-Jevi Electric Heating B.V.	100.00	180
Stovax Gazco Ltd	100.00	190,347
Stovax D1 Ltd	100.00	1,000
Stovax Group Ltd	100.00	397,800
Stovax Heating Group (NI) Ltd	100.00	1
Strukturgruppen AB	100.00	1,000
Tempeff Inc.	86.50	78,000
Termorad Spolka z.o.o.	100.00	80,000
Termotech S.r.l.	95.00	
The Climate Control Group Inc.	100.00	10,000
ThermaClime Technologies Inc.	100.00	10,000
Therm-X of California Inc.	51.00	1,205
Therm-x System Vietnam Technology Co. Ltd.	100.00	
Therm-X SVT LLC	100.00	
TIKI HVAC d.o.o.	100.00	
Üntes Rhoss Sogutma Sistemleri A.S.	100.00	10,000
Üntes VRF Klima Sistemleri A.S.	22.00	880
VEÅ AB	100.00	750
VEÅ Energi AB	70.00	7,000
VEÅ Holding AB	100.00	500
Värmeelement i Osby AB	100.00	1,000
Vølund Varmeteknik A/S	100.00	1,000
WaterFurnace International Inc.	100.00	100
Waterkotte Austria GmbH	57.00	
Waterkotte Schweiz AG	50.00	
Å.K-Budet i Markaryd AB	100.00	100

18 • PARTICIPATIONS IN ASSOCIATES AND JOINTLY CONTROLLED ENTITIES

ACCOUNTING POLICY

Associates and joint ventures

Companies in which NIBE Industrier AB has a long-term shareholding equivalent to between 20 and 50 percent of the votes, or in which it has significant influence over operating and financial policies in some other way are classified as associates. Investments in associates and joint ventures are recognized in the Group according to the equity method and in the parent according to the cost method.

PARTICIPATIONS IN ASSOCIATES AND JOINTLY CONTROLLED ENTITIES

	Group	
	2024	2023
Carrying amount at start of year	282	219
Investments for the year	-	3
Share of profit/loss for the year	37	39
Reclassification	-	-
Translation differences	6	21
Carrying amount at end of year	325	282

Group (SEK million)							
Name	Corporate ID number	Registered office	Holding	Number of shares	Share of profit/loss	Share of equity	Carrying amount
Produktionskonsult Väst Holding AB	559249-4487	Båstad	49.0%	4,900	-1	1	1
Delacroy AB	556590-3613	Gislaved	45.0%	450	1	1	6
HC Holding ETA AG	CHE-168.793.868	Baar, Switzerland	25.0%	25,000	34	302	302
Teramex Austria GmbH	FN333143T	Radentheim, Austria	24.0%	288	2	8	9
Shanghai Canature Fireplace Products Ltd.	9131 0115 7721 1410 65H	Shanghai, China	25.0%	-	-	9	2
Rhoss Iberica Climatizacion SL	B63597074	Barcelona, Spain	30.0%	3,000	1	-2	1
Energie Exploitatie De Trip B.V.	60412895	Schiedam, Netherlands	50.0%	500	-	-	-2
NEXT NRG B.V.	66397626	Schiedam, Netherlands	50.0%	10,000	-	6	6
Vetenskapshuset i Markaryd AB	559330-5625	Markaryd	50.0%		0	0	0
Total					37	325	325

The holding in Shanghai Canature Fireplace Products is a joint venture.

Parent (SEK million)							
Name	Corporate ID number	Registered office	Holding	Number of shares	Dividend	Capital gain	Carrying amount
Produktionskonsult Väst Holding AB	559249-4487	Båstad	49.0%	4,900	-	-	1

19 • OTHER NON-CURRENT RECEIVABLES

(SEK million)	Group		Parent	
	2024	2023	2024	2023
Interest rate swaps for hedging	53	49	53	49
Advance payment to supplier	6	12	-	-
Other	110	152	-	1
Total	169	213	53	50

21 • EQUITY

EQUITY

As at the end of the year, there are 2,016,066,488 shares with a quotient value of SEK 0.03906 per share.

Each class A share entitles the holder to ten votes at the Annual General Meeting and each class B share to one vote. Class A shares, which represent approximately 57% of the votes, have pre-emption rights as per the company's articles of association. All shares carry the same entitlement to dividends. The company has two shareholders who each hold more than 10% of the votes, one of them a group of shareholders consisting of present and former board members and managers with around 46% of the votes, the other the Schörling family, with around 19% of the votes. At the end of 2024, there were no outstanding convertible loans or options that could risk diluting the share capital. The situation was the same in the previous year.

Proposal for appropriation of profits Profits at the disposal of the Annual General Meeting:

Retained earnings	SEK 3,134 million
Share premium reserve	SEK 4,751 million
Net profit for the year	SEK 213 million
Total	SEK 8,098 million

20 • INVENTORIES

ACCOUNTING POLICY

Inventories are valued at the lower of cost and replacement cost for raw materials, consumables and finished goods purchased, and at manufacturing cost for goods produced. In no case have inventories been recognized at above net realizable value. Interest is not included in the inventory values. Deliveries between Group companies are invoiced at market prices. Internal gains in Group companies' inventories are eliminated in the consolidated financial statements. These eliminations affect operating profit.

	Quotient value (SEK)	Class A shares (no.)	Class B shares (no.)	Total number
At start of year	0.03906	233,130,360	1,782,936,128	2,016,066,488
At end of year	0.03906	233,130,360	1,782,936,128	2,016,066,488

The Board of Directors proposes issuing a dividend to shareholders of SEK 0.30 per share, equivalent to a total pay-out of SEK 605 million. A total of SEK 7,493 million will be carried over in the accounts: SEK 4,751 million of this in the share premium reserve and SEK 2,742 million as retained earnings.

The Board of Directors considers that the proposed dividend is reasonable considering the requirements that the nature, scope and risks of the operations place on the size of the company's and the Group's equity, consolidation needs, liquidity and position in general. This must be seen against the background of the information provided in the Annual Report. Before proposing this dividend, the Board has paid due consideration to the investments planned.

22 • PROVISIONS FOR PENSIONS

ACCOUNTING POLICY

PROVISIONS FOR PENSIONS

Defined-benefit pension plans

Defined-benefit pension plans are post-employment benefit plans other than defined-contribution plans.

The Group's net obligations for defined-benefit plans are calculated separately for each plan by estimating the future payment earned by the employee in both current and previous periods. This payment is discounted to present value. The discount rate is the closing interest rate on an investment grade corporate bond, or mortgage bond, of a term consistent with the term of the Group's pension obligations. When there is no active market for this type of corporate bond, the market interest rate for government bonds of an equivalent term is used instead. The calculation is carried out by a qualified actuary using the Projected Unit Credit Method. In addition, the fair value of any plan assets at the end of the reporting period is calculated.

The Group's net obligation consists of the present value of the obligation less the fair value of plan assets adjusted for any asset ceiling.

All components included in the cost for the period for a defined-benefit plan are recognized in profit or loss.

The remeasurement effects consist of actuarial gains and losses. The remeasurement effects are recognized in other comprehensive income.

When the calculation results in an asset for the Group, the carrying amount of the asset is limited to the lower of the plan surplus and the asset ceiling calculated using the discount rate. The asset ceiling is the present value of any future economic benefits in the form of reductions in future contributions to the plan or cash refunds from the plan. In calculating the present value of future refunds or contributions, any minimum funding requirements are taken into account.

Plan amendments or curtailment of a defined-benefit plan are recognized at the earlier of the following dates: when the plan amendment or curtailment occurs or when the company recognizes related restructuring costs and termination benefits. The amendments/curtailments are recognized immediately in profit or loss.

The special payroll tax is part of the actuarial assumptions and is therefore recognized as part of the net obligation/asset. For reasons of simplicity, the portion of payroll tax calculated in a legal entity based on the Pension Obligations Vesting Act is recognized as an accrued expense rather than part the net obligation/asset.

Yield tax is recognized in profit or loss for the period to which the tax relates, and is therefore not included in the liability calculation. With funded plans, the tax is charged to the return on plan assets and is recognized in other comprehensive income. For unfunded or partially unfunded plans, the tax is charged to profit for the year.

The Group has defined-benefit pensions chiefly for its Swiss and Swedish companies. Swiss pension plans are funded, which means that plan assets are held to cover pension commitments. The assets are managed by fund managers which are separate legal entities. For Swedish companies, calculations and payments are handled through PRI Pensionstjänst AB. These are unfunded. Consequently, no plan assets are held for the purpose of securing retirement benefits.

The average remaining period of service is 11 years for Switzerland and 10 years for Sweden.

The estimated present value of the Group's defined-benefit pension commitments has been based on the actuarial assumptions set out in the table below.

Actuarial assumptions 2024	Switzerland	Sweden
Discount rate on January 1	1.50%	3.90%
Discount rate on December 31	0.90%	3.00%
Expected salary increases	2.00%	3.00%
Expected inflation	1.00%	2.00%
Duration of obligation, years	14	18

Actuarial assumptions 2023	Switzerland	Sweden
Discount rate on January 1	2.20%	3.70%
Discount rate on December 31	1.50%	3.90%
Expected salary increases	2.00%	3.00%
Expected inflation	1.50%	2.00%
Duration of obligation, years	13	17

A sensitivity analysis has been carried out in respect of the significant assumptions applied, and the impact that changed assumptions would have on the Group's pension liabilities is shown in the table below.

Sensitivity analysis

	Impact on pension liabilities (SEK million)	
	of an increase	of a decrease
Discount rate - 0.5 percentage point	- 64	+ 72
Expected salary increases - 0.25 percentage point	+ 6	- 6
Expected inflation - 0.25 percentage point	+ 24	- 6

22 • PROVISIONS FOR PENSIONS

Defined-contribution plans

These plans primarily cover retirement pensions, disability pensions and family pensions. The premiums are paid continuously throughout the year by each Group company to a separate legal entity, such as an insurance company. The size of the premium is based on salary. The pension costs for the period are included in the income statement.

ITP occupational pension plan secured via Alecta

The commitments for retirement pensions and family pensions for white-collar staff in Sweden are secured through an insurance policy with Alecta. In accordance with a statement from the Swedish Financial Reporting Board, UFR 10, this is a multi-employer defined-benefit plan. For the 2024 financial year, the company has not had access to sufficient information to enable it to recognize this plan as a defined-benefit plan. The ITP pension plan, secured through an insurance policy with Alecta, is therefore recognized as a defined-contribution plan.

The contributions for the year for pension insurance policies taken out with Alecta amounted to SEK 29 (23) million. Alecta's surplus can be distributed to the policyholders and/or the insured. At the end of 2024 Alecta's surplus expressed as the collective funding ratio was 163% (157%). The collective funding ratio is the market value of Alecta's assets as a percentage of its insurance obligations, calculated by reference to Alecta's actuarial assumptions. This is not consistent with IAS 19.

(SEK million)	2024			2023		
	Funded plans	Un-funded plans	Total	Funded plans	Un-funded plans	Total
Reconciliation of pension obligations						
Present value at start of year	744	350	1,094	562	301	863
Present value in acquired companies	-	-	-	-	-	-
Present value in sold companies	-	-	-	-	-	-
Service cost	25	22	47	21	24	45
Interest on obligations	11	11	22	13	12	25
Contributions from employees	21	-	21	22	-	22
Pensions paid	- 57	- 7	- 64	- 20	- 7	- 27
Actuarial gains (-), losses (+) during the period	25	38	63	68	12	80
Settlements	- 7	7	-	- 12	-	- 12
Translation differences	26	- 6	20	90	8	98
Present value at end of year	788	415	1,203	744	350	1,094
Reconciliation of plan assets						
Fair value at start of year	644	-	644	521	-	521
Fair value in sold companies	-	-	-	-	-	-
Interest income on plan assets	10	-	10	18	-	18
Return	7	-	7	- 1	-	- 1
Contributions paid in	27	-	27	44	-	44
Contributions from employees	21	-	21	22	-	22
Settlements	- 7	-	- 7	- 12	-	- 12
Pensions paid	- 57	-	- 57	- 20	-	- 20
Translation differences	18	-	18	72	-	72
Fair value at end of year	663	-	663	644	-	644
Provisions for pensions						
Retirement benefit obligations, present value	788	415	1,203	744	350	1,094
Plan assets, fair value	- 663	-	- 663	- 644	-	- 644
Provisions for pensions	125	415	540	100	350	450
Pension costs recognized in profit or loss						
Service cost	25	22	47	21	24	45
Interest on obligations	11	11	22	13	12	25
Interest income on plan assets	- 10	-	- 10	- 18	-	- 18
Pension costs, defined-benefit plans	26	33	59	16	36	52
Pension costs, defined-contribution plans			329			301
Total pension costs in profit or loss			388			353

22 • PROVISIONS FOR PENSIONS

(SEK million)	2024			2023		
	Funded plans	Un-funded plans	Total	Funded plans	Un-funded plans	Total
Pension costs recognized in other comprehensive income						
Actuarial gains (-), losses (+) in respect of:						
- changed financial assumptions	59	3	62	58	- 6	52
- changed demographic assumptions	1	-	1	2	-	2
- experience-based adjustments	- 34	17	-17	11	11	22
- difference between actual return and rate according to discount rate on plan assets	- 7	-	- 7	1	-	1
- employer's payroll tax	-	8	8	-	2	2
Pension costs in other comprehensive income	19	28	47	72	7	79
Reconciliation of provisions for pensions, net						
Opening balance	100	350	450	41	301	342
Provisions in acquired companies	-	-	-	-	-	-
Provisions in sold companies	-	-	-	-	-	-
Pension costs, defined-benefit plans	26	34	60	16	36	52
Actuarial differences	19	39	58	68	12	80
Pensions paid	-	- 7	- 7	-	- 7	- 7
Contributions paid in	- 27	-	- 27	- 44	-	- 44
Translation differences	7	-1	6	19	8	27
Closing balance	125	415	540	100	350	450
In 2025, pension costs for defined-benefit plans are expected as follows	14	10	24	8	13	21
Composition of plan assets						
Shares	216			202		
Interest-bearing securities	176			173		
Property, etc.	271			269		
Total plan assets	663			644		

The parent's recognized pension liabilities amount to SEK 24 (21) million and are calculated in accordance with the Pension Obligations Vesting Act and not IAS 19. Of pension liabilities, SEK 373 million is interest-bearing.

Pensions secured by pension fund (PME)

Dutch companies in the Group secure their pension obligations for their employees through a pension fund, Pensioenfonds Metalektro (PME). PME is a multi-employer defined-benefit plan. Since PME does not provide (or is able to provide) information that enables the obligations, plan assets and costs to be allocated to the participating companies, it is reported as a defined-benefit plan. The obligation to PME is to pay the annual contributions, which for the 2024 financial year amount to SEK 38 million. Since there is no reliable basis for allocating the defined-benefit obligation, plan assets and costs, there is most likely no obligation to cover any deficit in the plan. Instead, this would likely be reflected as a reduction in vested rights and/or an increase in the pension premium. PME's surplus in the form of the collective funding ratio amounted to 113.1% at year-end 2024.

23 • OTHER PROVISIONS

Warranties are normally provided for one to three years, but longer warranty periods may be provided in individual cases. The warranty risk reserve is calculated based on the cost history of these commitments.

(SEK million)	Warranty risk reserve	Other	Total Group	Parent company
Amount on Dec 31, 2022	821	148	969	-
Provisions in acquired companies	37	9	46	-
Provisions during the year	231	17	248	-
Amount utilized during the year	- 151	- 23	- 174	-
Reversed provisions	-159	- 27	- 186	-
Translation differences	- 13	-3	- 16	-
Amount on Dec 31, 2023	766	121	887	-
Provisions in acquired companies	1	5	6	-
Provisions during the year	197	190	387	-
Amount utilized during the year	- 189	- 19	- 208	-
Reversed provisions	- 54	- 51	- 105	-
Translation differences	27	45	72	-
Amount on Dec 31, 2024	748	291	1,039	-

24 • LIABILITIES TO CREDIT INSTITUTIONS

As two of the Group's credit agreements expire in 2025, the liabilities under the agreements have been recognized as current liabilities.

Current liabilities to credit institutions also include overdraft facilities. Credit facilities granted in the Group totaled SEK 586 (764) million. The Group's overdraft facility was thus reduced during the year by SEK 178 million. The parent does not have an overdraft facility.

25 • BONDS

(SEK million)	Group		Parent	
	2024	2023	2024	2023
Loan at a variable rate of Stibor + 115 points due in June 2024	-	1,250	-	1,250
Loan at a variable rate of Stibor + 85 points due in June 2026	2,000	2,000	2,000	2,000
Loan at a variable rate of Stibor + 125 points due in April 2028	1,000	1,000	1,000	1,000
Loan at a variable rate of Stibor + 95 points due in September 2025	1,850	1,850	1,850	1,850
Loan at a fixed rate of Stibor 4.97% due in September 2025	250	250	250	250
Loan at a variable rate of Stibor +135 points due in September 2027	1,150	1,150	1,150	1,150
Loan at a fixed rate of Stibor 4.97% due in September 2027	750	750	750	750
Loan at a variable rate of Stibor +105 points due in December 2026	500	500	500	500
Loan at a fixed rate of Stibor 4.45% due in December 2026	250	250	250	250
Loan at a variable rate of Stibor +145 points due in December 2028	800	800	800	800
Loan at a fixed rate of Stibor 4.58% due in December 2028	350	350	350	350
Loan at a variable rate of Stibor +110 points due in April 2027	1,100	-	1,100	-
Loan at a variable rate of Stibor +150 points due in April 2029	1,150	-	1,150	-
Loan at a fixed rate of Stibor 4.25% due in April 2029	450	-	450	-
Total	11,600	10,150	11,600	10,150

26 • ACQUISITION-RELATED LIABILITIES

Acquisition-related liabilities comprise liabilities incurred by the Group in connection with business combinations, such as contingent consideration for acquired shares, liabilities to minority shareholders for acquisitions of the remaining shares, deferred consideration and other types of liabilities attributable to completed business combinations. The size of acquisition-related liabilities is mainly dependent on the future financial performance of the acquired entities. There may be other elements to consider for some acquisitions, such as environmental measures. Acquisition-related liabilities refer to liabilities to minority shareholders for the acquisition of additional shares under agreements made. The amounts specified are based on expected financial performance. There are no cases of an upper limit to the amount of liabilities. The expected amounts are revalued regularly in line with management's best assessments in each case. For 2024, these revaluations had a net positive effect of SEK 597 million on the Group's earnings, compared with SEK 120 million in the previous year. This was the result of decreased demand due to the external situation. The revaluations include discounting. The liabilities recognized by the parent include both current and non-current acquisition-related liabilities. See Note 29 for the maturity structure.

(SEK million)	Non-current liabilities	Current liabilities	Total Group	Parent company
Amount on Dec 31, 2022	3,182	597	3,779	1,481
Revaluations	- 120	-	- 120	29
Settled during the year	-	- 580	- 303	-29
Recognized as liabilities	786	-	509	314
Reclassifications	- 1,888	1,888	-	318
Translation differences	- 23	- 33	- 56	- 28
Amount on Dec 31, 2023	1,937	1,872	3,809	2,085
Revaluations	- 597	-	- 597	- 283
Settled during the year	- 291	- 267	- 558	- 152
Recognized as liabilities	45	1	46	
Reclassifications	555	- 555	-	-
Translation differences	51	42	93	74
Amount on Dec 31, 2024	1,700	1,093	2,793	1,724

27 • OTHER LIABILITIES

Other current liabilities for the year amounted to SEK 1,265 million, compared with SEK 1,211 million for the previous year. This item primarily comprised social security contributions, employee insurance cover, tax at source, pensions, VAT and customer bonuses. Other non-current liabilities for the year amounted to SEK 634 million, compared with SEK 1,586 million for the previous year. SEK 600 million were interest-bearing liabilities.

28 • ACCRUED EXPENSES AND DEFERRED INCOME

(SEK million)	Group		Parent	
	2024	2023	2024	2023
Accrued salaries	706	726	9	11
Accrued social security contributions	222	210	3	3
Deferred income	556	455	-	-
Other items	997	1,158	91	59
Amount at end of year	2,481	2,549	103	73

ACCOUNTING POLICY

Financial instruments

Financial instruments recognized under assets in the balance sheet include cash and cash equivalents, trade receivables, unlisted shares, interest-bearing securities, derivatives and other receivables. Financial instruments recognized under liabilities include trade payables, borrowings, other liabilities, derivatives and acquisition-related liabilities.

Initial recognition and measurement

Trade receivables and issued debt securities are recognized when they are issued. Other financial assets and liabilities are recognized when the Group becomes a party to the contractual terms of the instrument. Financial instruments are initially recognized at fair value plus or minus transaction expenses, except for instruments measured at fair value through profit or loss on a continuing basis, for which transaction costs are instead recognized as an expense when they arise. Trade receivables (without a significant financing component) are initially measured at the transaction price determined under IFRS 15.

Classification and subsequent measurement of financial assets

On initial recognition, a financial asset is classified as measured at amortized cost, fair value through other comprehensive income (debt securities investment), fair value through other comprehensive income (equity investment) or fair value through profit or loss. A description of how NIBE's various holdings of financial assets have been classified is given below:

Holdings of fixed income funds

The Group has holdings of fixed income funds that are measured at fair value through profit or loss as, from the perspective of the fund, the fund units are liabilities, while the funds do not consist solely of payment of principal and interest.

Endowment insurance

The endowment policies are measured at fair value through profit or loss.

Derivative assets

See below under 'Derivatives and hedge accounting'.

Other financial assets

All other financial assets, which make up most of the Group's financial assets, are recognized at amortized cost. This is because they are held within the framework of a business model whose goal is to collect contractual cash flows, while the cash flows from the assets consist solely of payments of principal and interest.

Classification and subsequent measurement of financial liabilities

Financial liabilities are classified as measured at amortized cost or measured at fair value through profit or loss. The financial liabilities measured at fair value through profit or loss consist of deriva-

tives with a negative fair value. All other financial liabilities are recognized at amortized cost using the effective interest rate method. The liabilities measured at amortized cost also include liabilities that will be paid for minority shareholders' participations in connection with the application of the AAM. Non-current liabilities have an expected maturity of more than one year, while current liabilities have an expected maturity of up to one year.

Derecognition of financial assets and financial liabilities

The Group derecognizes a financial asset from the balance sheet when the contractual right to the cash flows from the financial asset expires or if the Group transfers the right to receive the contractual cash flows in a transaction that transfers substantially all the risks and rewards of ownership. A financial liability is derecognized from the balance sheet when the contractual obligations are discharged, cancelled or expire. The Group also derecognizes a financial liability when the contractual terms and conditions are modified and the cash flows from the modified liability are substantially different. In this case, a new financial liability is recognized at fair value based on the modified terms and conditions.

Derivatives and hedge accounting

Currency hedging

Forward contracts are recognized at fair value in the balance sheet, both initially and on subsequent remeasurement. To fulfill the requirements for hedge accounting, there is a clear link between the derivative and the hedged items. In addition, calculations of effectiveness and all hedging relationships are documented. For cash flow hedges, changes in the fair value of hedging instruments, to the extent that the hedge is effective, are recognized in other comprehensive income until the underlying hedged item is recognized in profit or loss. The ineffective portion is recognized in profit or loss immediately.

Price hedging

Forward contracts used to hedge prices of raw materials are measured at fair value in the balance sheet, both initially and on subsequent remeasurement. To fulfill the requirements for hedge accounting, there is a clear link between the derivative and the hedged items. In addition, calculations of effectiveness and all hedging relationships are documented. For price hedging of raw materials flows, changes in the fair value of hedging instruments are recognized, to the extent that the hedge is effective, under other comprehensive income until the underlying hedged item is recognized in profit or loss. The ineffective portion is recognized in profit or loss immediately.

Hedges of net investments

Hedges of net investments in foreign operations are accounted for in a similar way to cash flow hedges. The portion of the gain or loss on a hedging instrument that is determined to be an effective hedge is recognized in other comprehensive income. The ineffective portion is recognized in profit or loss immediately.

29 • FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair value hedges of interest rate risk

To hedge the risk of changes in the fair value of issued fixed rate bonds, NIBE uses interest rate swaps as hedging instruments. For accounting purposes, fair value hedging is applied and the hedged item is remeasured to reflect the fair value of the hedged risk (the risk-free rate of interest), with changes in value recognized in profit or loss in the same way as for the hedging instrument.

Fair value of financial instruments

The fair value of financial instruments which are not traded in an active market is determined using valuation techniques. In this process, market information is used as far as possible when this is available, while company-specific information is used as little as possible. If all the significant inputs required to establish the fair value of an instrument are observable, the instrument is classified in level two. If one or more of the significant inputs is not based on observable market data, the instrument is classified in level three.

NIBE recognizes currency derivatives, interest rate derivatives, commodity derivatives, endowment policies and investments of excess liquidity in listed securities at fair value in the annual report.

When the fair value of an asset or liability is determined, the Group uses observable data as far as possible. Fair value is categorized into different levels in a fair value hierarchy based on inputs used in the valuation technique as follows:

Level 1: According to prices quoted on an active market for identical instruments.

Level 2: Based on directly or indirectly observable inputs in the market that are not included in level 1.

Level 3: Based on unobservable inputs in the market.

Listed securities are measured according to level 1, while currency derivatives, interest-rate derivatives, commodity derivatives and endowment policies are measured according to level 2. Contingent consideration concerning acquisitions of shares resulting in a business combination comes under level 3 in the valuation hierarchy.

Foreign currency receivables and liabilities

Foreign currency receivables and liabilities are measured at the closing rate. In the event that hedge accounting is applied, see the separate section above on hedging.

29 • FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

NIBE Group's financial assets consist primarily of trade receivables and bank balances. Financial liabilities consist primarily of loans from credit institutions, bonds, trade payables and acquisition-related liabilities. The various financial risks which may be associated with these assets and liabilities, and NIBE Group's method of managing the risks are described below. The parent's risk management is in line with the Group's risk management practice, unless otherwise specified below.

CURRENCY RISKS

Currency risks refer to the risk that exchange rate fluctuations may have a negative effect on the Group's performance and position. NIBE is exposed to currency risks both through regular business transactions in various currencies and because the Group has operations in different currency zones. These risks can be divided into transaction risks and translation risks.

Outstanding contracts on the closing date, net sales (+)/purchases (-), flow in each currency

Currency	Flow Q1	Flow Q2	Flow Q3	Flow Q4	Average forward rate	Closing rate	Unrealized gain/loss Dec 31, 2024	Unrealized gain/loss Dec 31, 2023
CHF	2	2	2	1	12.28	12.17	1	4
DKK	4	4	5	5	1.54	1.54	-	3
EUR	13	13	12	12	11.53	11.49	2	28
GBP	1	1	1	1	13.82	13.85	-	-
MXN	307	187	106	32	0.51	0.54	-21	27
NOK	6	6	-	-	1.00	0.97	-	1
USD	1	-1	-1	-1	11.79	10.04	1	-3
Total							-17	60
Of which recognized in income statement at end of period							4	14
Of which recognized in other comprehensive income at end of period							-21	46

Transaction risks

Transaction risk is the risk of exchange losses from regular business transactions in foreign currencies, for example, a trade receivable in a foreign currency falling in value due to fluctuations in the currency's exchange rate. As part of the Group's currency hedging policy, regular sales and purchases made in a foreign currency or linked to changes in a foreign currency must be hedged under a rolling 12-month plan within the range 60-100% of the estimated flows. The degree of hedging of future flows determines where in the range the figure is to lie. In 2024, the Group's flows in foreign currencies were as shown below. Flow refers to flows in currencies other than local currency. Weakening refers to weakening against other currencies, not taking into account hedging.

At the end of 2024, the Group had outstanding forward exchange contracts in accordance with the adjacent table. The total value of the contracts (calculated as the net of purchase and selling contracts in each currency) translated to SEK at the closing rate amounted to SEK 1,075 (1,071) million.

The difference between the total amounts of the contracts translated to SEK using the contract rate and the total amounts of the contracts translated to SEK using the closing day rate at the end of 2024 represents an unrealized exchange loss of SEK 21 million.

Other receivables in the consolidated balance sheet include derivatives with positive fair values of SEK 29 (41) million. Other liabilities include derivatives with negative fair values of SEK 29 (13) million.

Currency	Group		Parent	
	Net flow in (+)/out (-)	Weakening by 1%	Net flow in (+)/out (-)	Weakening by 1%
AUD	- 2	-	-	-
CAD	-	-	-	-
CHF	144	- 1	- 1	-
CNY	-	-	-	-
CZK	-	-	-	-
DKK	179	- 2	-	-
EUR	2,942	- 29	2	-
GBP	174	- 3	-	-
HKD	28	-	-	-
MXN	- 796	8	-	-
NOK	185	- 2	-	-
PLN	-135	1	-	-
SEK	-51	1	-	-
USD	203	- 2	- 9	-
Total	2,871	- 29	- 8	

29 • FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Translation risks

Translation risks refer to the risk of exchange losses on the translation of the income statements and balance sheets of foreign subsidiaries to the Swedish krona, the Group's presentation currency. To minimize translation risks, assets are financed, where possible, in the same currency; this means that exchange rate fluctuations on borrowings are recognized in other comprehensive income. At the end of 2024, the Group held net assets in foreign currencies in accordance with the figures given below with allowance for financing. Net assets also include assets other than those classed as financial instruments.

If the Swedish krona were to weaken by 1% against the named currencies, the Group's equity would be strengthened by SEK 394

Currency	Net assets	Hedging	2024
AUD	170	-	170
CAD	2,070	-	2,070
CHF	4,604	- 34	4,570
CRC	382	-	382
CZK	1,206	-	1,206
DKK	2,078	- 190	1,888
EUR	15,047	- 4,798	10,249
GBP	1,741	- 140	1,601
HKD	303	-	303
MYR	7	-	7
MXN	94	-	94
NOK	817	-	817
PLN	1,377	-	1,377
RON	53	-	53
RSD	633	-	633
SGD	24	-	24
TRY	624	-	624
TWD	6	-	6
VND	170	-	170
THB	53	-	53
USD	13,090	-	13,090
Total	44,549	- 5,162	39,387

(365) million. If the Swedish krona strengthens by 1% against the named currencies, the reverse applies. Without currency hedging through financing in the same currency, the corresponding amount would have been SEK 445 (422) million.

The parent's risk consists of the risk of exchange rate fluctuations on provisions in foreign currencies for the acquisition of foreign subsidiaries. Exchange rate fluctuations on these are recognized in net financial items. At year-end, the parent had provisions in foreign currencies as listed below.

If the Swedish krona were to strengthen by 1% against the named currencies, the parent's equity would increase by SEK 45 (47) million.

If the Swedish krona weakens by 1% against the named currencies, the reverse applies.

Currency	Net assets	Hedging	2023
AUD	132	-	132
CAD	1,836	-	1,836
CHF	4,594	- 39	4,555
CRC	280	-	280
CZK	1,102	-	1,102
DKK	2,067	- 457	1,610
EUR	14,582	- 5,072	9,510
GBP	1,696	- 189	1,507
HKD	247	-	247
MYR	9	-	9
MXN	148	-	148
NOK	866	-	866
PLN	1,390	-	1,390
RON	88	-	88
RSD	666	-	666
SGD	23	-	23
TRY	502	-	502
TWD	5	-	5
VND	136	-	136
THB	50	-	50
USD	11,800	- 9	11,791
Total	42,219	- 5,766	36,453

PARENT COMPANY

Currency	2024	2023
DKK	190	207
EUR	4,292	4,455
GBP	27	86
Total	4,509	4,748

29 • FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Credit risk

Credit risk refers to the risk that a counterparty may not fulfill its obligations. In operations where goods or services are supplied on a deferred payment basis, bad debt losses cannot be wholly avoided. To minimize these risks, credit assessments are carried out regularly for major credit. The normal credit period is 30 days. There are regional variations with both shorter and longer credit periods. Security is not normally held for receivables.

It is our opinion that the Group has an effective credit monitoring process which has meant that the Group has not so far been adversely affected by bad debt losses of any significance. Provisions have been made after individual assessment of overdue receivables.

Overdue receivables

(SEK million)	2024	2023
Receivables, wholly or partly impaired		
– overdue by less than 3 months	101	106
– overdue by more than 3 months	105	102
Receivables, not impaired		
– overdue by less than 3 months	878	1,095
– overdue by more than 3 months	210	227
Total overdue receivables	1,294	1,530
Provision for credit losses	– 131	– 126
Total receivables overdue but not impaired	1,163	1,404

Provision for credit losses

(SEK million)	2024	2023
Provisions brought forward	126	94
Provisions in acquired companies	–	29
Provisions in sold companies	–	– 15
Established credit losses	– 5	– 13
Reversed provisions	– 27	– 14
Provisions for the year	33	47
Translation differences	5	– 2
Provisions carried forward	132	126

Credit losses of SEK 10 (12) million on the Group's receivables have been recognized in profit for the year.

Gains and losses on financial instruments

	Group		Parent	
(SEK million)	2024	2023	2024	2023
Exchange gains and losses on currency derivatives used for hedge accounting recognized				
– as other operating income	12	27	–	–
– in other comprehensive income	– 67	47	–	–
Gains and losses on commodity derivatives used in hedge accounting recognized				
– as cost of goods sold	– 1	– 4	–	–
– in other comprehensive income	–	– 4	–	–
Exchange gains and losses on other financial assets and liabilities recognized				
– as other operating income	249	420	–	–
– as cost of goods sold	– 194	– 458	–	–
– as financial income	165	197	45	281
– as other financial expenses	– 150	– 158	– 165	– 22
Credit losses on trade receivables recognized as selling expenses	– 10	– 12	–	–
Total	4	55	– 120	259

The items recognized above as gains and losses are exchange gains, exchange losses and losses on credit granted. Interest has not been included. The Group's reporting system does not permit the allocation of exchange gains and exchange losses to the various classes of financial assets and liabilities.

29 • FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Assets, Dec 31, 2024 (SEK million)	Measured at amortized cost	Measured at fair value through profit or loss	Derivatives used for hedge accounting	Non- financial assets	Total carrying amount	Fair value
Intangible assets	-	-	-	32,241	32,241	
Property, plant and equipment	-	-	-	13,214	13,214	
Participations in associates and jointly controlled entities	-	-	-	325	325	
Non-current receivables from associates	255	-	-	-	255	255
Investments held as non-current assets	-	23	-	-	23	23
Deferred tax assets	-	-	-	752	752	
Other non-current receivables	116	-	53	-	169	169
Inventories	-	-	-	10,644	10,644	
Trade receivables	5,424	-	-	-	5,424	5,424
Trade receivables from associates	40	-	-	-	40	40
Tax assets	-	-	-	429	429	
Other receivables	719	-	29	-	748	748
Prepaid expenses and accrued income	-	-	-	535	535	
Investments in securities, etc.	-	579	-	-	579	579
Cash and cash equivalents	5,028	-	-	-	5,028	5,028
Total assets	11,582	602	82	58,140	70,406	

Assets, Dec 31, 2023 (SEK million)	Measured at amortized cost	Measured at fair value through profit or loss	Derivatives used for hedge accounting	Non- financial assets	Total carrying amount	Fair value
Intangible assets	-	-	-	31,014	31,014	
Property, plant and equipment	-	-	-	11,568	11,568	
Participations in associates and jointly con- trolled entities	-	-	-	282	282	
Non-current receivables from associates	246	-	-	-	246	246
Investments held as non-current assets	-	36	-	-	36	36
Deferred tax assets	-	-	-	547	547	
Other non-current receivables	164	-	49	-	213	213
Inventories	-	-	-	13,227	13,227	
Trade receivables	5,005	-	-	-	5,005	5,005
Trade receivables from associates	28	-	-	-	28	28
Tax assets	-	-	-	432	432	
Other receivables	598	-	42	-	640	640
Prepaid expenses and accrued income	-	-	-	583	583	
Investments in securities, etc.	-	527	-	-	527	527
Cash and cash equivalents	3,756	-	-	-	3,756	3,756
Total assets	9,797	563	91	57,653	68,104	

Fair value of financial instruments

The fair value of financial instruments may deviate from their carrying amount as a result of changes in market interest rates and other factors. For the Group's liabilities with a floating rate, fair value is estimated to be the same as the carrying amount. The Group has several fixed-rate bonds. For these bonds, fair value has been calculated by discounting future cash flows at current market interest rates. The valuation of these bonds is at level 2 in the valuation hierarchy. Fair value corresponds to the carrying amount for non-interest-bearing assets and liabilities such as trade receivables and trade payables. No instruments have been offset in the balance sheet. All instruments are recognized at their gross value. For the Group's other financial assets and liabilities, the carrying amounts represent a reasonable approximation of their fair value.

29 • FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Equity and liabilities, Dec 31, 2024 (SEK million)	Financial liabilities measured at amortized cost	Derivatives used for hedge accounting	Non-financial items	Total carrying amount	Fair value
Equity	-	-	32,140	32,140	
Provisions	-	-	3,629	3,629	
Non-current liabilities*	14,854	-	-	14,854	14,854
Lease liabilities (non-current and current)	2,417	-	-	2,417	
Current interest-bearing liabilities	6,467	-	-	6,467	6,467
Trade payables	3,115	-	-	3,115	3,115
Advance payments from customers	194	-	-	194	194
Tax liabilities	-	-	417	417	
Acquisition-related liabilities	2,793	-	-	2,793	2,793
Other liabilities	1,869	30	-	1,899	1,899
Accrued expenses and deferred income	2,481	-	-	2,481	2,481
Total equity and liabilities	34,190	30	36,186	70,406	

*Of which SEK 3,953 million refers to loans in foreign currencies to hedge net investment in foreign operations.

Equity and liabilities, Dec 31, 2023 (SEK million)	Financial liabilities measured at amortized cost	Derivatives used for hedge accounting	Non-financial items	Total carrying amount	Fair value
Equity	-	-	30,207	30,207	
Provisions	-	-	3,698	3,698	
Non-current liabilities*	13,649	-	-	13,649	13,649
Lease liabilities (non-current and current)	1,982	-	-	1,982	1,982
Current interest-bearing liabilities	5,329	-	-	5,329	
Trade payables	3,291	-	-	3,291	3,291
Advance payments from customers	248	-	-	248	248
Tax liabilities	-	-	545	545	
Acquisition-related liabilities	3,809	-	-	3,809	3,809
Other liabilities	2,784	13	-	2,797	2,797
Accrued expenses and deferred income	2,549	-	-	2,549	2,549
Total equity and liabilities	33,641	13	34,450	68,104	

*Of which SEK 4,207 million refers to loans in foreign currencies to hedge net investment in foreign operations.

Hedge accounting

In 2024, hedge accounting has been applied as follows:

- Cash flow hedging through currency derivatives for future receipts and disbursements in foreign currency.
- Price hedging of raw materials through commodity derivatives. At the end of 2024, outstanding contracts maturing in Q1 2025 totaled SEK 4 million, with SEK 1 million as an unrealized gain recognized in other receivables.
- Hedge accounting by financing net investments in foreign operations in foreign currency. This means that exchange-rate fluctuations on these loan liabilities are recognized directly in other comprehensive income if there is a net asset in the consolidated balance sheet to hedge.
- Fixed rate bonds were issued during the year. Fixed interest has been replaced with variable as the company has entered into interest rate swaps. The interest rate swaps have been identified as hedging instruments in fair value hedges of interest rate risk with the bonds as hedged items.

For information on the amounts recognized in other comprehensive income, see the income statements on pages 122 and 134.

Fair value hedges of interest rate risk, summary	2024	2023
Hedging instrument		
Carrying amount of hedging instruments that are assets	53	49
Carrying amount of hedging instruments that are liabilities.	0	
Fair value changes used to calculate ineffectiveness during the year.	4	49
Nominal amount	2,050	1,600
Hedged items		
Carrying amount of hedged items	2,052	1,603
Accumulated change in value of hedged items	2	3
Change in fair value used to calculate ineffectiveness for the year.	1	3
Ineffectiveness recognized during the year.	3	46

29 • FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Capital risk

Capital risk refers to the risk that the Group's ability to continue as a going concern may be inhibited due to a shortage of capital. The Group assesses the day-to-day risk based on the equity/assets ratio, calculated as recognized equity as a percentage of total assets. The target is for the equity/assets ratio not to fall below 30%. Over the most recent five-year period, the equity/assets ratio has averaged 47.6%. The Group can counteract any shortage of capital through new issues or reductions in dividends. At NIBE, capital is defined as total equity as recognized in the balance sheet (see pages 127 and 135). The covenants set by the Group's external lenders were met. The covenants the company is subject to are recognized under the Net debt/EBITDA key ratio, which is shown under alternative performance measures on pages 131–133. Liabilities to our partner banks which form part of our liabilities to credit institutions are subject to covenants and they are tested quarterly.

Interest rate risks

Interest rate risk is the risk that changes in market interest rates will have a negative impact on cash flow or the fair value of financial assets and liabilities. As all borrowing in NIBE Group apart from five bond issues is at floating interest rates, the Group is exposed only to cash flow risk from financial borrowing.

The Group's interest-bearing liabilities at year-end amounted to SEK 24,711 million. The average interest rate was 6.0%. A 1% change in the interest rate, with constant liabilities, would have an impact of SEK 247 million on the Group's earnings.

NIBE Group's policy is that the fixed rate term for loans shall, as far as possible, offset the commitment period of the incoming cash flows.

The parent's interest-bearing liabilities at year-end amounted to SEK 16,057 million. A 1% change in the interest rate, with constant liabilities, would have an impact of SEK 160 million on the parent's earnings.

Financing risks

Financing risk refers to the risk that difficulties may arise in financing the Group's operations, thus leading to an increase in costs in the short and long terms.

The Group's cash flow is good, and is expected to remain so in the future. This is of material significance in enabling necessary investments to be made and other obligations to be fulfilled. The Group also has an proactive strategy related to asset acquisition. The target is annual growth of 20%. In the long term, at least half of this growth should be organic.

In individual years, the total capital requirement may exceed internal cash flow. It is estimated that this can be financed through the traditional banking system, the stock market and the capital market without incurring abnormal costs. The amounts given in the table are the contractual undiscounted cash flows.

Group, Dec 31, 2024		Maturity structure of financial liabilities				
(SEK million)	Nominal amount	Total	< 1 year	1–2 years	3–4 years	> 5 years
Non-current liabilities to credit institutions	5,354	5,783	–	5,783	–	–
Bonds	11,600	13,323	2,163	2,017	9,143	–
Other non-current liabilities	614	614	–	614	–	–
Acquisition-related liabilities	2,793	2,842	1,093	546	1,118	85
Current liabilities to credit institutions	4,367	4,367	4,367	–	–	–
Trade payables	3,115	3,115	3,115	–	–	–
Advance payments from customers	194	194	194	–	–	–
Derivatives used for hedge accounting	2	2	2	–	–	–
Other current liabilities	1,265	1,265	1,265	–	–	–
Accrued expenses and deferred income	2,481	2,481	2,481	–	–	–
Lease liabilities	2,417	2,508	634	476	765	633
Total financial liabilities	34,202	36,494	15,312	9,436	11,026	718

Group, Dec 31, 2023		Maturity structure of financial liabilities				
(SEK million)	Nominal amount	Total	< 1 year	1–2 years	3–4 years	> 5 years
Non-current liabilities to credit institutions	4,749	5,134	–	2,111	3,023	–
Bonds	10,150	11,608	1,284	2,270	5,380	2,674
Other non-current liabilities	1,586	1,586	–	1,586	–	–
Acquisition-related liabilities	3,809	3,966	1,897	470	1,333	266
Current liabilities to credit institutions	4,079	4,079	4,079	–	–	–
Trade payables	3,291	3,291	3,291	–	–	–
Advance payments from customers	248	248	248	–	–	–
Derivatives used for hedge accounting	3	3	3	–	–	–
Other current liabilities	1,209	1,209	1,209	–	–	–
Accrued expenses and deferred income	2,549	2,549	2,549	–	–	–
Lease liabilities	1,982	2,108	508	434	523	643
Total financial liabilities	33,655	35,781	15,144	6,795	10,259	3,583

29 • FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Parent, Dec 31, 2024		Maturity structure of financial liabilities				
(SEK million)	Nominal amount	Total	< 1 year	1-2 years	3-4 years	> 5 years
Non-current liabilities to credit institutions	2,757	3,170			3,170	
Bonds	11,600	13,323	2,163	2,017	9,143	-
Other non-current liabilities	35	35	35			
Acquisition-related liabilities	1,661	1,724	640	827	257	-
Current liabilities to credit institutions	1,700	1,700	1,700	-	-	-
Derivatives used for hedge accounting	2	2	2			
Current liabilities to Group companies	456	456	456	-	-	-
Trade payables	11	11	11	-	-	-
Other current liabilities	-	-	-	-	-	-
Accrued expenses and deferred income	103	103	103	-	-	-
Total financial liabilities	18,325	20,524	5,110	2,844	12,570	-

Parent, Dec 31, 2023		Maturity structure of financial liabilities				
(SEK million)	Nominal amount	Total	< 1 year	1-2 years	3-4 years	> 5 years
Non-current liabilities to credit institutions	2,663	3,023	-	-	3,023	-
Bonds	10,150	11,608	1,284	2,270	5,380	2,674
Acquisition-related liabilities	2,085	2,085	1,148	-	688	249
Current liabilities to credit institutions	1,450	1,450	1,450	-	-	-
Derivatives used for hedge accounting	3	3	3	-	-	-
Current liabilities to Group companies	5	5	5	-	-	-
Trade payables	9	9	9	-	-	-
Other current liabilities	4	4	4	-	-	-
Accrued expenses and deferred income	73	73	73	-	-	-
Total financial liabilities	16,442	18,260	3,976	2,270	9,091	2,923

30 • PLEDGED ASSETS

(SEK million)	Group		Parent	
	2024	2023	2024	2023
Floating charges	43	41	-	-
Real estate mortgages	80	54	-	-
Equipment with retention of title	22	46	-	-
Receivables	150	152	22	20
Total pledged assets	295	293	22	20

31 • CONTINGENT LIABILITIES

(SEK million)	Group		Parent	
	2024	2023	2024	2023
Pension commitments not recognized under liabilities or provisions	13	6	-	-
Contingent liabilities on behalf of other Group companies	-	-	5,222	5,474
Total contingent liabilities	13	6	5,222	5,474

There is contaminated soil at nine of the Group's production facilities in Sweden, Denmark, the Czech Republic, the UK, the USA and Italy. No contingent liabilities were recognized for this as it is deemed extremely unlikely that any of this could entail significant costs if the Group were held liable.

The parent's contingent liabilities mainly concern surety to credit institutions for subsidiaries' borrowings.

32 • STATEMENT OF CASH FLOWS

ACCOUNTING POLICY

The statement of cash flows has been prepared in accordance with the indirect method. Cash and cash equivalents include cash on hand and demand deposits with banks, as well as investments in securities.

CASH FLOW FROM FINANCING ACTIVITIES

Group (SEK million)	Liabilities to credit institutions	Bonds	Other liabilities	Total
Amount on Dec 31, 2022	4,065	5,500	4,874	14,439
Changes affecting cash flow				
Amortization of non-current loans	- 2,081	- 1,250	- 34	- 3,365
Amortization of lease liabilities	-	-	- 498	- 498
Proceeds from borrowings	6,121	5,900	2,754	14,775
Total	4,040	4,650	2,222	10,912
Changes not affecting cash flow				
Liabilities in acquired companies	898	-	190	1,088
Recognized as liabilities during the year	-	-	196	196
Reversed during the year	-	-	- 2,137	- 2,137
Change in fair value	-	3	181	184
Translation differences	- 175	-	- 24	- 199
Total	723	3	- 1,594	- 869
Amount on Dec 31, 2023	8,828	10,153	5,502	24,483
Changes affecting cash flow				
Amortization of non-current loans	- 2,874	- 1,250	- 29	- 4,153
Amortization of lease liabilities	-	-	- 655	- 655
Proceeds from borrowings	2,688	2,700	666	6,054
Total	- 186	1,450	- 18	1,246
Changes not affecting cash flow				
Liabilities in acquired companies	3	-	1	4
Recognized as liabilities during the year	841	-	236	1,077
Reversed during the year	-	-	- 983	- 983
Change in fair value	-	- 3	- 122	- 125
Translation differences	235	-	136	371
Total	1,079	- 3	- 732	344
Amount on Dec 31, 2024	9,721	11,600	4,752	26,073

Parent (SEK million)	Liabilities to credit institutions	Bonds	Other liabilities non-interest- bearing	Total
Amount on Dec 31, 2022	1,600	5,500	1,481	8,581
Changes affecting cash flow				
Amortization of non-current loans	- 1,600	- 1,250	-	- 2,850
Proceeds from borrowings	4,280	5,900	-	10,180
Total	4,280	10,150	-	15,911
Changes not affecting cash flow				
Recognized as liabilities during the year	-	-	618	618
Reclassification	-	-	-	-
Translation differences	- 167	-	- 14	- 181
Total	- 167	-	604	437
Amount on Dec 31, 2023	4,113	10,150	2,085	16,348
Changes affecting cash flow				
Amortization of non-current loans	- 1,450	- 1,250	-	- 2,700
Proceeds from borrowings	1,700	2,700	-	4,400
Total	250	1,450	-	1,700
Changes not affecting cash flow				
Recognized as liabilities during the year	-	-	- 415	- 415
Translation differences	94	-	54	148
Total	94	-	- 361	- 267
Amount on Dec 31, 2024	4,457	11,600	1,724	17,781

33 • SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

There were no significant events after the reporting date.

COMPANIES IN THE NIBE GROUP

Details of subsidiaries	Corporate ID number	Registered office	Country
ABK-Qviller AS	959 651 094	Oslo	Norway
Aggregatet 1 i Ljungby AB	559161-6932	Ljungby	Sweden
AirSite AB	556725-5780	Lindome	Sweden
ait-austria GmbH	FN469896z	Neudorf	Austria
ait-cesko s.r.o	28077458	České Budějovice	Czech Republic
ait-deutschland GmbH	HRB 2991	Bayreuth	Germany
ait Schweiz AG	CHE-100 3 017 337-2	Altishofen	Switzerland
ait-slovensko s.r.o	48103926	Bratislava	Slovakia
ait-värmeteknik-sverige AB	556936-5033	Helsingborg	Sweden
ARGOCLIMA S.p.A.	3258640964	Brescia	Italy
Askoma AG	CHE-101.048.895	Thunstetten	Switzerland
Askoma SDN BHD	489344-W	Johor Bahru	Malaysia
ATE-Electronics S.r.l.	9518750964	Giaveno	Italy
Backer Alpe S. de R.L. de C.V.	BAL0805266BA	Mexico City	Mexico
Backer AB	556053-0569	Hässleholm	Sweden
Backer Asia Ltd	866 531	Hong Kong	China
Backer Azthermal Engineering SDN BHD	202201036650	Petaling	Malaysia
Backer Azthermal SDN BHD	202201002974	Petaling	Malaysia
Backer Cellnergy Engineering PTE Ltd	2004039928E	Singapore	Singapore
Backer EHP Inc.	99-0367868	Murfreesboro	USA
Backer ELC AG	CHE-253.701.740	Teufenthal	Switzerland
Backer Elektro CZ a.s.	60469617	Hlinsko	Czech Republic
Backer ELTOP s.r.o.	44795751	Miretice	Czech Republic
Backer Facsa S.L.	B-62.928.361	Aiguafreda	Spain
Backer Fastighets AB	559223-2952	Hässleholm	Sweden
Backer Fer s.r.l.	REA: 173478	Sant'Agostino	Italy

Details of subsidiaries	Corporate ID number	Registered office	Country
Backer Grand Heater Co Ltd	105560004323	Muaeng Samutsakorn	Thailand
Backer Heating Technologies Co. Ltd	440301503227017	Shenzhen	China
Backer Heating Technologies France SARL	91379344781	Lyon	France
Backer Heating Technologies GmbH	HRB 34409	Dortmund	Germany
Backer Heating Technologies Inc.	36-4044600	Elgin	USA
Backer Heating Technologies Vietnam Comp Ltd	1101832398	Tan Kim	Vietnam
Backer Hotwatt Inc.	81-4435368	Wilmington	USA
Backer Marathon Inc.	47-3075187	Delaware	USA
Backer OBR Sp. z o.o.	8358936	Pyrzyce	Poland
Backer-Springfield Dongguan Co. Ltd	441900400000302	Dongguan City	China
Backer-Wilson Elements Pty Ltd	100 257 514	Burwood	Australia
Backer Wolff GmbH	HRB 27026	Dortmund	Germany
Beckasinen i Markaryd AB	556262-1150	Markaryd	Sweden
Biawar Produkcja Sp z.o.o.	5423273185	Bialystok	Poland
BriskHeat Corporation	31-1271116	Columbus	USA
BriskHeat Corporation CR S.A	3-101-847273	Alajuela	Costa Rica
BriskHeat Corporation HK Ltd	1511003	Hong Kong	China
BriskHeat Shenzhen Trading Company Ltd	914403000942785000	Guangdong Province	China
BriskHeat Technology Company Co Ltd	42982980	Zhubei City	Taiwan
BriskHeat Vietnam Co Ltd	3216041512	Dong Nai Industrial Zone	Vietnam
Calvin Holdco B.V.	80747108	Amsterdam	Netherlands
Ceramicx Ireland Limited	183040	Ballydehob	Ireland
Cetetherm AB	559147-1437	Ronneby	Sweden
Cetetherm LLC	1105010000303	Saint Petersburg	Russia **

*Sales companies and production companies are not included in the 2024 Sustainability Report

**Non-trading company that is being wound up. Not included in the 2024 Sustainability Report

Details of subsidiaries	Corporate ID number	Registered office	Country
Cetetherm SAS	352696850	Pontcharra sur Turdine	France
Cetetherm s.r.o.	08300321	Prague	Czech Republic
CFL Group B.V.	65247566	Amsterdam	Netherlands
CFL Ontwikkeling en Exploitatie B.V.	65247701	Tiel	Netherlands
CGC Group of Companies Inc.	85828 1728 RC0001	Mississauga	Canada
CK Fires Ltd	5524093	Wolverhampton	UK
ClimaCool Corp.	73-1409358	Oklahoma City	USA
ClimateCraft Inc.	73-1207959	Oklahoma City	USA
ClimateMaster Inc.	93-0857025	Oklahoma City	USA
Contura AB	559466-6389	Markaryd	Sweden
Contura Stoves Ltd	13087424	Doncaster	UK
CTC AB	556060-2269	Ljungby	Sweden
CTC Benelux	821427672	Couvin	Belgium
CTC Norge AS	832538132	Årnes	Norway
CTC AG	CHE-105.970.811	Zürich	Switzerland
Danotherm Electric A/S	10 12 60 61	Redovre	Denmark
DMD Dis Ticaret Makine Sanayi AS	510421	Istanbul	Turkey
Druzstevni Zavody Drazice - strojirna sro	45148465	Benátky nad Jizerou	Czech Republic
E. Braude (London) Ltd	585474	Sandhurst	UK
Electro Therm s.a.s	35262056100022	Lyon	France
ELEKTRON-ETTO, s.r.o.	26906040	Hustopeče nad Bečvou	Czech Republic *
Elektrotermija d.o.o.	17578448	Užice	Serbia
Elmess Thermosystemtechnik GmbH	HRA 120256	Lüneburg	Germany
Elmess Thermosystemtechnik Verwaltungs-GmbH	HRB 120337	Lüneburg	Germany

Details of subsidiaries	Corporate ID number	Registered office	Country
Eltwin A/S	13 99 24 44	Risskov	Denmark
Eltwin Sp. z.o.o.	394767	Stargard	Poland
Energie Exploitatie Rijswijk Buiten B.V.	56279620	Rotterdam	Netherlands
Enertech Global LLC	45-2301710	Greenville	USA
Enertech Ltd	299044	Worcestershire	UK
Fireplace Products Australia Pty Ltd	117 303 554	Hallam	Australia
Fireplace Products US Inc.	601374460	Blaine	USA
Flex Academy D.O.O.	21296333	Freezone bb Priboj	Serbia
FPI Fireplace Products International Ltd.	BC0161829	Richmond	Canada
Gaumer Company Inc.	74-1778481	Houston	USA
Gazco Ltd	2228846	Exeter	UK
Giersch GmbH	HRB 733204	Iserlohn	Germany
Go Geothermal Ltd	5967652	Newton Aycliffe	UK
Graybar Ltd	2872001	Wellingborough	UK
Greendraco S.A	513196978	Águeda	Portugal
Heat Safe Cable Systems Ltd	4545332	Helsby	UK
Heat Trace Engineering Solutions S.L.	B55610497	Constanti	Spain *
Heat Trace Holdings Ltd	6524757	Helsby	UK
Heat Trace Ltd	1573447	Helsby	UK
Heating Group International B.V.	16083429	Nijmegen	Netherlands
Heatpoint B.V.	30146922	Bodegraven	Netherlands
Heatrod Elements Ltd	766 637	London	UK
Heatron Inc.	43-1126014	Leavenworth	USA
Hemi Heating AB	556420-7586	Södertälje	Sweden
Hemi Heating Technology Co Ltd	91520100666994785H	Guiyang Guizhou	China

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COMPANIES IN THE NIBE GROUP

Details of subsidiaries	Corporate ID number	Registered office	Country
HT S.p.A.	TV 195113	Treviso	Italy
HT Est Division s.r.l.	J02/1489/2007	Arad	Romania
HT Heizelemente Deutschland GmbH	HRB 41822	Bielefeld	Germany
Hyper Engineering Pty Ltd	ACN 148 010 520	Victoria	Australia
Høiax AS	936 030 327	Fredrikstad	Norway
International Environmental Corp.	73-0754306	Oklahoma City	USA
IPAR i Sverige AB	556931-6085	Vetlanda	Sweden
Itho Daalderop B.V.	11006307	Tiel	Netherlands
Itho Dalderop Belgium B.V.B.A.	0834385090	Asse	Belgium
Itho Images B.V.	24323029	Schiedam	Netherlands
Jac. De Vries Gesta B.V.	36043314	Hoorn	Netherlands
Jevi A/S	12 85 42 77	Vejle	Denmark
JSC Evan	1065260108517	Nizhny Novgorod	Russia **
Kaukora Oy	0138194-1	Raisio	Finland
KKT Chillers Inc	83-0486747	Elk Grove	USA
Klimaatgarant B.V.	56703503	Rotterdam	Netherlands
Klimaatgarant Exploitatie B.V.	65878965	Schiedam	Netherlands
Klöpper GmbH & Co. KG	HRA 12753	Dortmund	Germany
Klöpper-Therm GmbH	HRA 12322	Dortmund	Germany
Klöpper-Therm Verwaltungs-GmbH	HRB 8600	Dortmund	Germany
Klöpper Verwaltungs GmbH	HRB 8456	Dortmund	Germany
KNV Energietechnik GmbH	78375h	Schörfiling	Austria
Koax Corp.	73-1284158	Oklahoma City	USA
KVM-Genvex A/S	21387649	Haderslev	Denmark
Living Blue B.V.	61467510	Rotterdam	Netherlands
Lotus Heating Systems A/S	26 11 04 75	Langskov	Denmark
Loyal Oy	0640930-9	Lovisa	Finland

Details of subsidiaries	Corporate ID number	Registered office	Country
LS Control A/S	15288205	Herlufmagle	Denmark
Lund & Sørensen AB	556731-8562	Sösdala	Sweden
Lund & Sørensen A/S	25 64 75 99	Vejle	Denmark
Lund & Sørensen Electric Heating Equipment Accessory Co Ltd	120000400007673	Tianjin	China
Metro Therm AB	556554-1603	Kalmar	Sweden
METRO THERM A/S	20 56 71 12	Helsingø	Denmark
Meyer Vastus AB, Oy	0215219-8	Monninkylä	Finland
Miles Industries (Australia) Pty Ltd	ACN 646 008 899	Brookvale	Australia
Miles Industries Inc	980 126 981	North Vancouver	Canada
Miles Industries Ltd	BC0886496	North Vancouver	Canada
Moravská dopravní společnost, a.s.	61974421	Hlinsko	Czech Republic *
myUptech AB	556633-8140	Markaryd	Sweden
myUptech Inc	92-1303855	Wilmington	USA
Nathan Belgie B.V.	64767175	Duiven	Netherlands
Nathan Holding B.V.	20104506	Arnhem	Netherlands
Nathan Industries B.V.	9188041	Duiven	Netherlands
Nathan Projects B.V.	64768643	't Harde	Netherlands
Nathan Projects BVBA	0832.529.125	Zaventem	Belgium
Nathan Service B.V.	9194331	Duiven	Netherlands
Nathan Systems B.V.	64766373	Duiven	Netherlands
Nathan Systems NV	450.269.149	Zaventem	Belgium
Naturenergi IWABO AB	556663-0355	Bollnäs	Sweden
NIBE AB	556056-4485	Markaryd	Sweden
NIBE Beteiligungsverwaltung GmbH	295717d	Vienna	Austria
NIBE-BIAWAR Sp. z o.o.	50042407	Bialystok	Poland
Nibe Climate Solutions Canada Corp.	BC110 5117	Vancouver	Canada
NIBE Energietechnik B.V.	20111793	Willemstad	Netherlands

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Details of subsidiaries	Corporate ID number	Registered office	Country
NIBE Energy Systems France SAS	501 594 220	Reyrieux	France
NIBE Energy Systems Inc.	99 03 68 191	Wilmington	USA
NIBE Energy Systems Ltd	5764 775	Chesterfield	UK
NIBE Energy Systems Oy	9314276	Helsinki	Finland
NIBE Foyers France S.A.S.	491 434 965	Lyon	France
NIBE IT R&D d.o.o Beograd	21772291	Belgrade	Serbia
NIBE Stoves Canada Corp.	BC1093578	Vancouver	Canada
NIBE Stoves GmbH	HRB 13929	Harrislee	Germany
NIBE Systemtechnik GmbH	HRB 10 12 56	Celle	Germany
NIBE Treasury AB	556108-0259	Markaryd	Sweden
Nordpeis AS	957 329 330	Lierskogen	Norway
Norske Backer AS	919 799 064	Kongsvinger	Norway
Nordpeis Sp. z o.o	570844191	Trzcianka	Poland
Ohmic Resistors Pty Ltd	612419566	Richlands	Australia *
Omni Control Technology Inc.	04-3142926	Whitinsville	USA
Osby Parca AB	559342-3113	Osby	Sweden
Osby Parca Fastighets AB	556049-4980	Osby	Sweden
Osby Parca Holding AB	559347-0270	Osby	Sweden
Pacific Energy Australia Pty Ltd	603809856	Geelong West	Australia
Pacific Energy Fireplace Products Ltd	556826	Vancouver	Canada
PGR Partners NV	0436.502.176	Grimbergen	Belgium
RELEK Production AB	556315-2510	Höör, Sweden	Sweden *
Renting 959 KB	916616-1787	Ljungby	Sweden
Rhoss Deutschland GmbH	HRB 411169	Stuttgart	Germany
Rhoss S.p.A.	01142230299	Codroipo	Italy
Rotterdamse Elementen Fabriek B.V.	000016710339	Rotterdam	Netherlands
SAN Electro Heat A/S	42 16 59 13	Graested	Denmark

Details of subsidiaries	Corporate ID number	Registered office	Country
Scandymet AB	556194-2474	Söderhamn	Sweden
Snowcliff AG	CH-020 7 000 720-2	Zürich	Switzerland
Sinus-Jevi Electric Heating B.V.	37106129	Medemblik	Netherlands
Solzaima - Equipamentos para Energias Renováveis, S.A.	500780455	Águeda	Portugal
Springfield Wire de Mexico S.A. de C.V.	SWM710722KW3	Nuevo Laredo	Mexico
Stovax Gazco Ltd	1572550	Exeter	UK
Stovax D1 Ltd	4826958	Exeter	UK
Stovax Group Ltd	7127090	Exeter	UK
Stovax Heating Group Ltd	8299613	Exeter	UK
Stovax Heating Group (NI) Ltd	NI675194	Belfast	Northern Ireland
Strukturgruppen AB	556627-5870	Kungsbacka	Sweden
Tempeff Inc.	812525954	Winnipeg	Canada
TermaTech A/S	27 24 52 77	Hasselager	Denmark
Termorad Spolka z.o.o.	000542990	Radom	Poland
Termotech S.r.l.	183099	Vigevano	Italy
The Climate Control Group Inc.	73-1415062	Oklahoma City	USA
ThermaClime Technologies Inc.	73-1553910	Oklahoma City	USA
Therm-X of California Inc.	94-2393175	Hayward	USA
Therm-x System Vietnam Technology Co. Ltd.	3700810044	Binh Duong Province	Vietnam
Therm-X SVT LLC	20-8024427	Hayward	USA
TIKI d.o.o. Stara Pazova	20104554	Stara Pazova	Serbia
TIKI HVAC d.o.o.	8203687000	Velenje	Slovenia
Untes Isitma Klima Sogutma San Ve Tic A.S.	9170016107	Kazan	Turkey
Üntes Rhoss Sogutma Sistemleri A.S.	9960381156	Kazan	Turkey

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COMPANIES IN THE NIBE GROUP

Details of subsidiaries	Corporate ID number	Registered office	Country
Üntes VRF Klima Sistemleri A.S.	9170013850	Kazan	Turkey
Varde Ovne A/S	21 55 49 79	Vejle	Denmark
VEÅ AB	556135-7988	Sävsjö	Sweden
VEÅ Holding AB	556954-8596	Sävsjö	Sweden
VEÅ Energi AB	559431-3081	Sävsjö	Sweden
Vølund Varmeteknik A/S	32 93 81 08	Herning	Denmark
Värmeelement i Osby AB	556705-9919	Ljungby	Sweden
WaterFurnace International Inc	35-1873795	Fort Wayne	USA
WaterFurnace Renewable Energy Corp.	BC 100 6504	Toronto	Canada
Waterkotte Austria GmbH	FN 293711d	Klagenfurt	Austria
Waterkotte GmbH	HRB 9537	Bochum	Germany
Waterkotte Schweiz AG	CHE-324.787.906	Fribourg	Switzerland
Wiegand S.A. de C.V.	RFC WIE850624H79	Nuevo Laredo	Mexico
Å.K-Budet i Markaryd AB	556364-4672	Markaryd	Sweden

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GOVERNANCE



CORPORATE GOVERNANCE REPORT

Corporate governance in NIBE Industrier AB (publ) (NIBE) is exercised through the Annual General Meeting, the Board of Directors and the CEO in accordance with the Swedish Companies Act (2005:551), the company's Articles of Association, the Swedish Annual Accounts Act (1995:1554), Nasdaq Stockholm's Rules for Issuers, and good practice on the stock market.

It is good practice for Swedish companies whose shares are traded on regulated markets to comply with the Swedish Corporate Governance Code (the Code). NIBE complies with the Code, and this corporate governance report has been drawn up in accordance with the Code. The current Code may be accessed on the Swedish Corporate Governance Board's website, www.bolagsstyrning.se. In addition, NIBE also provides information on the company's website in accordance with the Market Abuse Regulation and other legal requirements.

The corporate governance report is not part of the formal annual report documents. The company's auditors have examined the corporate governance report, and it is their opinion that the corporate governance report has been properly drawn up and that the statutory information in the report is consistent with other parts of the annual report and consolidated financial statements.

OWNERSHIP

NIBE has its registered office in Markaryd, Sweden, and has been listed on Nasdaq Stockholm since 1997.

NIBE class B shares have also had a secondary listing on the SIX Swiss Exchange since August 2011. On December 31, 2024, NIBE had 177,044 registered shareholders, excluding previous shareholders in Schulthess Group AG who have become shareholders in NIBE. As the Swiss authorities do not report any details relating to individual shareholders in Switzerland to NIBE, it is not possible to determine the total number of shareholders.

The ten largest shareholders comprise the constellations of "current and former board members and senior executives" with a total of 20.2% of the capital and 45.9% of voting rights, followed by the Schörling family, which holds 8% of the capital and 18.9% of the voting rights, and eight institutional investors with a total of 19.3% of the capital and 9.5% of the voting rights. Together these ten major shareholder groups hold a total of 47.5% of the capital in the company and 74.2% of the votes. No individual shareholder has a direct or indirect shareholding representing 10% or more of the number of votes of all shares in NIBE Industrier.

ANNUAL GENERAL MEETING

The Annual General Meeting (AGM) is NIBE's highest decision-making body. The AGM determines the number of Board members and auditors, adopts the accounts, makes decisions on dividends and other appropriations of profit/loss, and discharges the Board of Directors and CEO from liability.

The most recent AGM on May 16, 2024 in Markaryd was attended by 1,739 shareholders, 601 of which attended in person, and 1,138 of which attended through proxies. 65% of the shares and 83% of the total number of votes in the company were represented. The AGM was attended by the Board of Directors, the CEO and the company's auditors. The minutes of the AGM and the company's Articles of Association are available on the Group's website, www.nibegroup.com.

There are no limitations in the articles of association as to the number of votes a shareholder may hold at a general meeting of the company. Nor are there any provisions on the appointment or dismissal of directors of the company, or changes to the company's articles of association.

The 2024 AGM gave the Board of Directors a mandate to issue new class B shares in the company, on one or more occasions and with or without derogation from the shareholders' preferential rights, to be used to finance the acquisition of companies or businesses. This mandate is valid until the 2025 AGM and is restricted to a maximum of 10% of the number of shares issued at the time of the AGM.

COMMUNICATION WITH THE STOCK MARKET

The ambition is to maintain a high standard of information issued by the company to the stock market. Such information must be accurate and transparent to create long-term confidence in the company.

Earnings and the financial position are presented quarterly and, like the annual report, are issued to all shareholders who request a copy. All information that may have an effect on the company's share price and information on all acquisitions is announced via press releases. All financial information is also available on the website, www.nibegroup.com. Press releases and reports are posted there at the same time as they are made public.

Meetings with investors, financial analysts and the media are held when quarterly reports are published. There is also continuous dialogue with Swedish and foreign investors and financial analysts, the media and Aktiespararna, the Swedish Shareholders' Association.

BOARD PROCEDURES

The NIBE Board of Directors consists of seven members, elected by the AGM. Directors and the Chairman of the Board are elected annually by the AGM to serve for the period until the next AGM. Company employees participate in Board meetings as required to submit reports or to contribute expert knowledge in individual matters.

The Board of Directors elected by the 2024 AGM comprised Hans Linnarson (Chairman), Anders Pålsson, Eva Karlsson, Eva Thunholm and Managing Director and CEO Gerteric Lindquist (all re-elected), as well as James Ahrgren and Camilla Ek Dahl (newly elected). With the exception of the Managing Director & CEO, none

THE WORK OF THE BOARD IN 2024

Every ordinary board meeting focusses on one principal topic of discussion

February – Year-end close

The meeting in February considers the annual accounts of the preceding year. The company auditor presents his comments to the full Board of Directors on this occasion.

May – Inaugural meeting

Following the AGM, the Board of Directors holds its inaugural meeting, at which the Board discusses the rules of procedure and determines who has authority to sign for the company.

August – Strategy

In August, the Board holds strategic discussions over two working days.

November – Audit review

In November, the company's auditor reports on the review of the interim report for the period January to September and the status of the audit.

December – January – Budget

At the end of the year, the Board discusses the Group's budget for the coming year.

The agenda includes several standing items, which are considered at every meeting.

Status report	Report of significant events affecting operations that have not been listed in the written report that has been circulated.
Financial information	Review of the financial information circulated.
Investments	Decisions regarding investments exceeding SEK 20 million, based on the data circulated.
Legal processes	Review of new or ongoing legal processes, where appropriate.
Acquisitions	Report on ongoing discussions and decisions concerning the acquisition of companies, as and when appropriate.
Press releases, etc.	When appropriate, a review of proposals for external reports to be published after the meeting.
Internal control	Report on the internal control work.

of the directors is employed by the Company or has any operational responsibilities in the Company. However, Camilla Ekdahl has been a member of the Board for the business area NIBE Climate Solutions.

It is the opinion of NIBE's Board of Directors that all directors are independent in relation to the Company, with the exception of the Managing Director and CEO. A presentation of the Board members can be found on page 192–193 of the Annual Report.

The work of the Board is governed by formal rules of procedure that are adopted annually and which regulate matters such as decision-making processes within the company, authority to sign for the company, meetings of the Board and duties of the Chairman of the Board.

The Board of Directors oversees the work of the CEO and is responsible for ensuring that the organization, management and administrative guidelines for the company's funds are suitable for the purpose. The Board is also responsible for developing and monitoring the company's strategies through plans and objectives, decisions on acquisitions, major investments, appointments to managerial positions and the continual supervision of operations during the year. In addition, the Board sets the budget and is responsible for the annual accounts.

The Chairman leads the work of the Board and ensures that it is carried out in accordance with the Swedish Companies Act and other relevant legislation. The Chairman follows the progress of operations through consultations with the CEO, and is responsible for ensuring that other members of the Board receive the information they need to hold discussions of a high quality and make the best possible decisions.

The Board of Directors evaluates its work every year. The evaluation is carried out by means of a survey of the directors. The results of the survey are then presented to the full Board, which uses them to make specific proposals on how its work can be developed, improved and made more efficient, where necessary. The Board evaluation for 2024 revealed an open, constructive climate with well-functioning control and decision-making processes. The areas covered by the evaluation included the composition, working methods, communication and internal control of the Board, the Board's evaluation of the CEO and other company management, and the need for committees.

During 2024, the Board appointed an Audit Committee and a Remuneration Committee, which will prepare relevant matters and put forward proposals for decision by the Board.

The Remuneration Committee consists of the Chairman of the Board and one other Board member nominated by the Board, and is independent of the company and company management. The Remuneration Committee is responsible for the preparation of decisions by the Board in matters relating to principles of remuneration, remuneration and other terms of employment of company management, the evaluation of variable remuneration schemes for company management and the evaluation of application of the guidelines for remuneration of senior executives and

the current remuneration structures and remuneration levels in the company. The Remuneration Committee also puts forward proposals for salary and other remuneration of the CEO, as well as proposals for the principles regarding salary and other remuneration of senior executives in the company and the Group. The Remuneration Committee members in 2024 were Hans Linnarson (Chairman) and Eva Thunholm.

The Audit Committee consists of two Board members who are independent of the company and company management and also independent in relation to the company's major shareholders. The Audit Committee's main tasks are to monitor the company's financial reporting and sustainability reporting and to monitor the effectiveness of the company's internal control, internal audit and risk management. The Audit Committee members in 2024 were Anders Pålsson (Chairman) and Camilla Ekdahl. Previously, a group within the Board of Directors has held separate, more in-depth, meetings with Group management and auditors.

NOMINATION COMMITTEE

In connection with the 2024 AGM, the company's board announced that a formal Nomination Committee would be established.

The formal decision on establishing a Nomination Committee and its working methods is taken by the AGM. The formal decision on the Nomination Committee will be taken by the 2025 AGM, which is why the company has not formally had a Nomination Committee ahead of the 2025 AGM (Section III paragraph 2.1 of the Code). Previously, a group of shareholders, who own Class A shares and who together represent more than 60% of the voting rights in the company, put forward their proposals to the AGM. Ahead of the 2025 AGM, a group of representatives of the largest shareholders have put forward a proposal for the Nomination Committee and have also acted as an informal nomination group that has prepared the proposals that would normally be the responsibility of a nomination committee.

GROUP MANAGEMENT

The Managing Director and CEO, who is also appointed by the Board of Directors as Managing Director of the parent, exercises day-to-day control of the Group, and the three heads of the Group's business areas report to him.

The CEO leads operations in accordance with the instructions adopted by the Board in respect of the division of duties between the Board and the CEO. The work of the CEO and of Group management is evaluated annually.

Financing, currency management, corporate acquisitions, new

establishments, financial control, financial information, human resources policy, sustainability and other overall policy matters are coordinated at Group level.

GOVERNANCE OF BUSINESS AREAS

NIBE consists of three business areas.

Each business area has its own operational management with profit responsibility. Each business area has a Business Area Board chaired by the Managing Director & CEO.

Each Business Area Board, in addition to responsibility for day-to-day operations, is also responsible to the NIBE Board of Directors for the strategic development of its respective business area. Each Business Area Board meets once per quarter.

GOVERNANCE OF THE GROUP'S SUSTAINABILITY MANAGEMENT

The Group's sustainability workgroup reports to the Sustainability Council which, in addition to the workgroup, consists of the CEO, CFO and heads of business areas.

Much of the work is regulated in national legislation, such as environmental laws and labor law, but NIBE is also obliged to comply with regional and international law. In addition, NIBE is governed by voluntary commitments such as the UN Global Compact.

In 2024, the company began the process of aligning its reporting to meet the requirements of the Corporate Sustainability Reporting Directive (CSRD). As a consequence of this substantial and comprehensive reporting, the company has ceased reporting according to GRI and SDG.

NIBE's Board has the ultimate responsibility for ensuring that risks are managed and that sustainability initiatives comply with the requirements of authorities, shareholders and other stakeholders. The CEO reports to the Board. The heads of the business areas are responsible for communicating and implementing their strategic work at the local board level.

The management of each company is responsible for local operational sustainability work and for compliance with Group guidelines. These managers report to the heads of the business areas in each area.

The sustainability workgroup regularly visits companies in the Group to monitor compliance with common policies and guidelines. The workgroup also works strategically and reports on sustainability issues to the Boards at Group and business area level.

Any need for improvement or nonconformities are documented

and reported to the individual company, heads of business areas and Group management. Each business area head is responsible for ensuring that measures proposed are taken.

CODE OF CONDUCT

NIBE has a code of conduct that reflects the NIBE culture and the ten principles of the UN Global Compact.

The Code of Conduct is reflected in NIBE's documents on business principles, values and working methods and the content of these is based on a long tradition of honest and sincere business practices. The information can be found on pages 20–23.

All employees receive the printed version in their local language. When a new company joins the Group, its management is obliged to communicate and implement the Code of Conduct in the entire organization.

The Code of Conduct is available to external parties and stakeholders on the Group's website nibegroup.com.

All businesses comply with national legislation regarding financial, environmental and labor legislation, and are also obliged to comply with regional and international law and voluntary commitments such as the UN Global Compact. Management is responsible for seeking advice on ethical and legal behavior according to established escalation procedures when their knowledge or mandate is insufficient.

NIBE has a whistleblower function through which all Group employees and others can confidentially report suspicions of serious irregularities without risk of retaliation. To ensure the anonymity of the whistleblower and the proper, secure handling of submissions, whistleblower cases go directly to an external recipient who also leads the investigation of the case.

POLICY FOR COMPOSITION OF BOARD OF DIRECTORS/DIVERSITY POLICY

NIBE has adopted a diversity policy for the Board.

NIBE's Board of Directors must have overall expertise and experience that is appropriate to its work and the business that is conducted, as well as to be able to identify and analyze opportunities for and risks to the Group. When new directors are nominated and elected, it is necessary to consider each director's suitability to obtain a Board of Directors with the overall expertise required for appropriate governance of the Group. The composition of the Board of Directors must be characterized by versatility and breadth in terms of the expertise, experience, gender, age,

education and professional background of the directors elected. The objective of the policy is to achieve an appropriate composition of the Board as regards the company's operations and relationships in general.

In 2024, the composition of the Board was evaluated within the framework of the Board's own annual evaluation (presented above under 'Board procedures') and taking into account the diversity policy for the Board. The result of the evaluation is that the composition of the Board is deemed compliant with the policy.

REMUNERATION 2024

The 2024 AGM resolved that fees to the Board of Directors and fees to the auditors would be paid according to approved invoice.

At the same time, policies for the remuneration of the CEO and other senior executives were detailed and approved. Further information about the principles that apply can be found in Note 6 to the annual report and on NIBE's website at www.nibegroup.com.

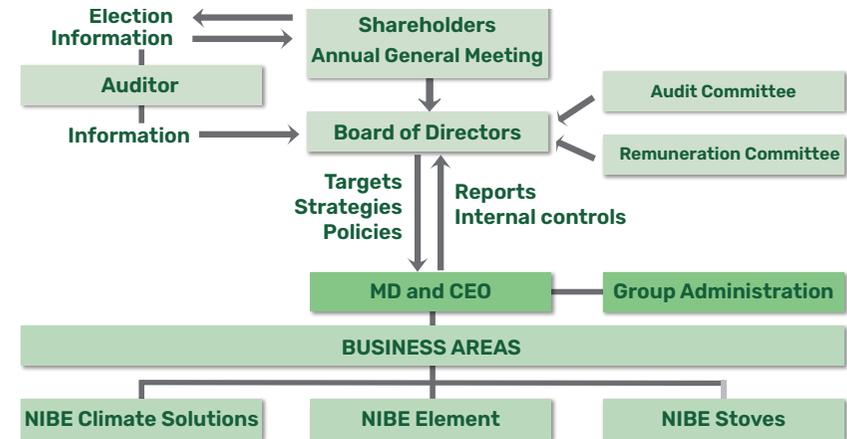
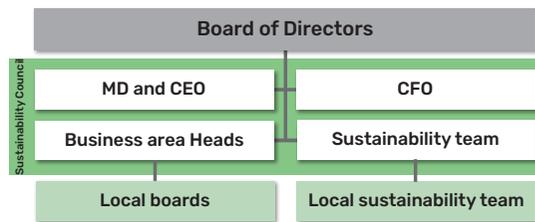
Remuneration of the CEO is a matter decided by the Board, but the preparatory work for this decision is undertaken by Remuneration Committee. Remuneration of other senior executives is determined by the CEO in consultation with the Remuneration Committee and in accordance with the guidelines adopted by the AGM. Decisions in this regard are reported to the Board of Directors.

Information on Board fees and salaries and other remuneration paid to the CEO and other senior executives can be found in Note 6 to the annual report.

INCENTIVE PROGRAM

Under an incentive program, certain key employees are paid variable remuneration if set targets are met.

The variable remuneration is limited to a maximum of four months' salary. It is also possible for an additional month's salary to be paid on condition that this additional payment plus another monthly salary paid as a variable bonus or part of a variable bonus is used to purchase NIBE shares on the stock market. The additional remuneration is conditional on the employee retaining the annually acquired NIBE shares for at least three years. Under normal circumstances, the acquisition of NIBE shares by the employees concerned shall take place once a year in February/March and shall be subject to the applicable market abuse regu-



lations. No incentive program is offered to the CEO. Certain key individuals in the foreign companies acquired in recent years have incentive programs that deviate from NIBE Group's remuneration principles set out above. Further information about the principles that apply for remuneration of senior executives can be found in Note 6 to the annual report.

SEVERANCE PAY

No severance pay or other benefits apply to the Chairman of the Board or to the directors, apart from the CEO.

The period of notice for the CEO is six months for termination of employment by the company. In addition to salary during the period of notice, the CEO is entitled to severance pay equal to 12 months' salary. Other senior executives are entitled to receive their salaries during a period of notice which varies between 6 and 12 months.

PENSIONS

The Chairman of the Board and directors do not receive any retirement benefits for their work on the Board.

No special agreements have been reached that entitle senior executives to retire before the official retirement age while still retaining part of their salary in the interim.

Information on the retirement benefits of the CEO and other

senior executives can be found in Note 6 to the annual report.

Under the Group's policy, no further pension premium payments are made if employment continues after the age of 65.

INTERNAL CONTROL OVER FINANCIAL REPORTING IN 2024

Under the Swedish Companies Act and the Code, the Board of Directors is responsible for internal control.

This report on internal control and risk management as regards financial reporting complies with the requirements in Chapter 6, Section 6, of the Annual Accounts Act.

NIBE is characterized by simplicity in its legal and operational structure, transparency in its organization, clear divisions of responsibility, and an efficient management and control system.

NIBE complies not only with laws and regulations in respect of financial reporting, but also with internal instructions and policies set out in, e.g., the company's Finance Handbook and NICS (NIBE Internal Control Standard). These are applied by all companies in the Group, along with systems aimed at ensuring effective internal controls in financial reporting.

Consolidated financial statements containing comprehensive analyses and comments are prepared each month for the Group and its business areas. Monitoring also takes place monthly.

There are finance functions and controllers with responsibility for accounting, reporting and the analysis of financial trends at Group level, business area level and unit level.

In addition to the statutory audit of the annual report and stat-

tutory audit of the parent and all of its subsidiaries, the Board also has the option of requesting a special audit of a selected business during the year if the Board deems it necessary. A summary of the auditors' review of selected controls is presented each year as part of the Board meeting that deals with the year-end financial statements.

Against the backdrop of the Group's continuous work on internal control through the Group-wide framework NICS, NIBE Internal Control Standard, it is the Board's assessment that there is no need for any separate internal audit function (Section III, item 8.1, of the Code).

EXTERNAL AUDITORS

NIBE's auditors were elected at the AGM to serve for a period of one year.

The registered public accounting firm KPMG AB has held the position of the company's auditors since the AGM in 2013. Jonas Nihlberg has been auditor in charge since the AGM in 2021.

The auditor in charge has continual access to the approved minutes of company Board meetings and the monthly reports that the Board receives.

The company's auditor in charge reports his observations from the audit and his assessment of the company's internal controls to the full Board.

Over and above normal auditing duties, KPMG assists in particular with consulting services in accounting and tax matters. Information on the remuneration of auditors is given in Note 9 to the annual report.

AUDITOR'S STATEMENT ON THE CORPORATE GOVERNANCE REPORT

To the annual meeting of the shareholders of NIBE Industrier AB (publ) Corporate ID no. 556374-8309

Engagement and responsibility

The Board of Directors is responsible for the corporate governance report for 2024 on pages 181–185, and for ensuring that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit

Our audit was conducted in accordance with FAR's auditing standard RevR 16 The auditor's examination of the corporate governance report. This means that our review of the corporate governance report has a different focus and is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing practices in Sweden. We consider that this review provides an adequate basis for our opinions.

Opinion

A corporate governance report has been prepared. Disclosures in accordance with Chapter 6, Section 6 (2), 2–6, of the Swedish Annual Accounts Act, and Chapter 7, Section 31 (2), of the same Act are consistent with the annual report and consolidated financial statements and comply with the Swedish Annual Accounts Act.

Markaryd, Sweden, April 4, 2025

KPMG AB
Jonas Nihlberg
Authorized Public Accountant

AUDITOR'S STATEMENT ON THE STATUTORY SUSTAINABILITY REPORT

To the annual meeting of the shareholders of NIBE Industrier AB (publ) Corporate ID no. 556374-8309

Engagement and responsibility

The Board of Directors is responsible for the sustainability report for 2024 on pages 61–116, and for ensuring that it has been prepared in accordance with the Annual Accounts Act, according to the previous version that applied before July 1, 2024.

The scope of the audit

Our examination was conducted in accordance with FAR's standard RevR 12, The Auditor's Opinion regarding the Statutory Sustainability Report. This means that our examination of the statutory sustainability report is different and substantially less in scope than an audit conducted in accordance with the International Standards on Auditing and generally accepted auditing standards in Sweden. We consider that this examination provides an adequate basis for our opinion.

Opinion

A sustainability report has been prepared.

Markaryd, Sweden, April 4, 2025

KPMG AB
Jonas Nihlberg
Authorized Public Accountant



From left: James Ahrgren, Eva Karlsson, Gerteric Lindquist, Eva Thunholm, Hans Linnarson, Camilla Ekdahl and Anders Pålsson.

The Board of Directors' declaration

The Board of Directors and the CEO declare that the consolidated financial statements have been prepared in accordance with IFRS, as adopted by the EU, and give a fair view of the Group's financial position and results of operations. The financial statements of the parent have been prepared in accordance with generally accepted accounting principles in Sweden and give a fair view of the parent's financial position and results of operations.

The Board of Directors' Administration Report for the Group and the parent provides a fair review of the development of the Group's and the parent's operations, financial position and results of operations and describes material risks and uncertainties facing the parent and the companies included in the Group.

Markaryd, Sweden, April 4, 2025

James Ahrgren
Board member

Camilla Ekdahl
Board member

Gerteric Lindquist
Board member
Managing Director and CEO

Hans Linnarson
Chairman of the Board

Eva Karlsson
Board member

Anders Pålsson
Board member

Eva Thunholm
Board member

AUDITOR'S REPORT

Report on the annual accounts and consolidated financial statements

OPINIONS

We have audited the annual accounts and consolidated financial statements of NIBE Industrier AB (publ) for the 2024 financial year. The company's annual accounts and the consolidated financial statements are included on pages 117–180 and 187 of this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the Parent Company as of December 31, 2024 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated financial statements have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the Group as of December 31, 2024 and its financial performance and cash flow for the year then ended in accordance with IFRS Accounting Standards, as adopted by the EU, and the Annual Accounts Act. The statutory Administration Report is consistent with the other parts of the annual report and the consolidated financial statements.

We therefore recommend that the annual meeting of shareholders adopt the income statement and balance sheet for the parent and the Group.

Our opinions in this report on the annual accounts and the consolidated financial statements are consistent with the content of the additional report that has been submitted to the parent's Audit Committee in accordance with Article 11 of EU Regulation 537/2014 on statutory audits.

BASIS FOR OPINIONS

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibility under these standards is described in further detail in the 'Auditor's responsibility' section. We are independent of the parent and the Group in accordance with professional ethics for accountants in Sweden and have fulfilled our ethical responsibility under these standards. This means that, based on our best knowledge and belief, no prohibited services referred to in Article 5 (1) of EU regulation 537/2014 on statutory

audits were provided to the audited company or, as the case may be, its parent or its companies under its control within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated financial statements for the current period. These matters were addressed in the context of our audit of, and our opinion on, the annual accounts and consolidated financial statements as a whole, but we do not provide a separate opinion on these matters.

VALUATION OF GOODWILL

See Note 14 in the annual accounts and the consolidated financial statements for detailed information and a description of this matter.

Description of the matter

As at December 31, 2024, the Group had goodwill of SEK 25,290 million, corresponding to 54% of total assets. IFRS requires intangible assets with an indefinite useful life to be tested annually for impairment. Such testing is not only complex but also involves a significant element of assessments by Group management.

Impairment testing is performed using a method whereby management makes assumptions about future internal and external factors. Examples of such assessments are future receipts and payments (future cash flows), which require assumptions about e.g. future market conditions. Another important assumption is the discount rate that should be used to adjust for the fact that future receipts are subject to risk and thus worth less than the cash and cash equivalents that are directly available to the Group.

Response in the audit

We have studied management's impairment testing to assess whether it was performed in accordance with the method

prescribed. We have also assessed the reasonableness of the future receipts and payments and the assumed discount rates by studying and evaluating management's written documentation and plans. We have also interviewed management and evaluated previous years' assessments in relation to actual outcomes. We have consulted our own valuation specialists in order to ensure experience and expertise in this area.

Another important aspect of our work was to evaluate management's sensitivity analysis, that is, how changes in assumptions may affect the valuation.

Finally, we examined the information in the annual accounts and consolidated financial statements and assessed whether the disclosures were consistent with the assumptions made by management in its impairment testing and whether the disclosures were sufficiently comprehensive to ensure it is possible to understand the assessments made by management.

ACQUISITION ANALYSES

See Note 3 and Note 26 in the annual accounts and the consolidated financial statements for detailed information and a description of this matter.

Description of the matter

The Group carries out asset acquisitions on an ongoing basis. In connection with acquisitions, the new business must be recognized in the consolidated financial statements, which requires the preparation of an acquisition analysis. The preparation of such an analysis involves acquired assets and liabilities being identified and having amounts allocated to them that correspond to their fair values on the acquisition date, whether they were previously recognized or not. If the acquisition agreement includes contingent consideration or commitments to acquire the shares of minority shareholders, the value of these is estimated in connection with the preparation of the acquisition analysis and an acquisition-related liability is recognized. The value that remains after all assets and liabilities have been assessed and valued in the acquisition analysis is recognized as goodwill.

The preparation of an acquisition analysis requires knowledge of the methods to be used and awareness of the circumstances

in the acquired business. Acquisition-related liabilities must be revalued on a continuous basis. Such revaluation is based on assumptions about future internal and external factors and therefore involves a significant element of judgment by management. Acquisition-related liabilities amounted to SEK 2,793 million on December 31, 2024.

Response in the audit

In our audit, we examine acquisition analyses in respect of material acquisitions in order to assess whether they were prepared using the correct methods and are based on acquisition agreements. Because we did not identify any material acquisitions in the financial year, our examination of this matter focused on the reasonableness of management's assessments about acquisition-related liabilities and the assumptions used as the basis for revaluation of such liabilities. In our audit, we analyzed a sample of agreements for completed acquisitions and the parameters on which the acquisition-related liabilities were based, and we also assessed management's assumptions about future financial performance and thus the size of acquisition-related liabilities.

Finally, we checked the completeness of the information in the annual accounts and consolidated financial statements and assessed whether the information matches the information used by management, and whether the information is sufficient to understand the assessments made by management.

INFORMATION OTHER THAN THE ANNUAL ACCOUNTS AND CONSOLIDATED FINANCIAL STATEMENTS

This document also contains information other than the annual accounts and consolidated financial statements and can be found on pages 1-116, 181-185 and 192-199. This other information also consists of the remuneration report, which we gained access to before the date of this audit report. The Board and the CEO are responsible for this other information.

Our opinion on the annual accounts and consolidated financial

statements does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated financial statements, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated financial statements. In this procedure, we also take into account the knowledge we have obtained during the audit and assess whether the information appears to contain material misstatements in other respects.

If, based on the work performed concerning this information, we conclude that the other information contains a material misstatement, we are liable to report this. We have nothing to report in this respect.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE CEO

The Board of Directors and the CEO are responsible for the preparation of the annual accounts and consolidated financial statements and for ensuring that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated financial statements, in accordance with IFRS Accounting Standards, as adopted by the EU. The Board of Directors and the CEO are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated financial statements, the Board of Directors and the CEO are responsible for assessing the company's and the Group's ability to continue as a going concern. They disclose, as applicable, matters related to the going concern and use of the going concern basis of accounting. However, the going concern basis of accounting is not applied if the Board of Directors and the CEO intend to liquidate the Company, cease operations, or have no realistic alternative but to do so.

The Board's Audit Committee shall, without it impacting the other roles and responsibilities of the Board of Directors, be responsible for monitoring the company's financial reporting.

AUDITOR'S RESPONSIBILITY

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements may arise due to fraud or error and are regarded as material if, individually or in aggregate, they could reasonably be expected to affect the economic decisions of users taken on the basis of the annual accounts and consolidated financial statements.

As part of an audit in accordance with ISA, we exercise professional judgment and maintain professional skepticism throughout the audit. In addition, we:

- identify and assess the risks of material misstatement of the annual accounts and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not identifying a material misstatement as a consequence of fraud is higher than the risk of not identifying a material misstatement due to error as fraud may involve agency in collusion, forgery, intentional omissions, incorrect information or disregard for internal controls.
- obtain an understanding of the Company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- evaluate the appropriateness of the accounting policies used

and the reasonableness of the Board of Directors' and the CEO's estimates in the financial statements and related disclosures.

- draw a conclusion on the appropriateness of the Board of Directors' and the CEO's use of the going concern basis of accounting in preparing the annual accounts and consolidated financial statements. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual accounts and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated financial statements. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or circumstances may mean that a company and a Group are no longer able to continue as a going concern.
- evaluate the overall presentation, structure and content of the annual accounts and consolidated financial statements, including the disclosures, and whether the annual accounts and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- plan and perform the Group audit to obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the Group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors about matters including the planned scope, focus and timing of the audit. We must also inform them of significant audit findings, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a state-

ment that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Of the matters communicated to the Board of Directors, we determine which of them were the most significant to the audit of the annual accounts and consolidated financial statements, including the risks of material misstatements considered to be the most significant, and which therefore represent the key audit matters. We describe these matters in the auditor's report unless laws or other statutes preclude disclosure of the matter.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Auditor's review of administration and the proposed appropriation of the company's profit or loss

Opinions

In addition to our audit of the annual accounts and consolidated financial statements, we have examined the administration by the Board of Directors and the CEO of NIBE Industrier AB (publ) for the 2024 financial year and the proposed appropriation of the company's profit or loss.

We recommend to the Annual General Meeting that the profit be appropriated in accordance with the proposal in the Administration Report, and that the members of the Board of Directors and the CEO be discharged from liability for the financial year.

Basis for opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibility under these standards is described in further detail in the 'Auditor's responsibility' section. We are independent of the parent and the Group in accordance with professional ethics for accountants in Sweden and have fulfilled our ethical responsibility under these standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of the Board of Directors and the CEO

The Board of Directors is responsible for the proposed appropriation of the company's profit or loss. Proposing a dividend includes an assessment of whether the dividend is justifiable considering the requirements that the nature, scope and risks of the company's and the Group's operations place on the size of the parent's and the Group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the organization of the company and the administration of its affairs. This includes, among other things, continuous assessment of the company's and the Group's financial situation and ensuring that the company's organization is designed so that accounting, management of assets and the company's financial affairs are otherwise controlled in a reassuring manner.

The CEO is responsible for ongoing administration in accordance with the guidelines and instructions issued by the Board of Directors and for taking measures that are necessary to fulfill the company's accounting in accordance with law and to conduct the management of assets in a reassuring manner.

AUDITOR'S RESPONSIBILITY

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any Board member or the CEO has, in any material respect:

- undertaken any action or been guilty of any omission which could give rise to liability to the company; or
- in any other way acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the Company's profit or loss, and thereby our opinion about this, is to assess with a reasonable degree of assurance whether the proposal is in accordance with the Swedish Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that

the proposed appropriations of the company's profit or loss are not in accordance with the Swedish Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional skepticism throughout the audit. Our examination of the administration and the proposed appropriation of the company's profit or loss is based primarily on our audit of the accounts. Any additional audit procedures performed are based on our professional judgment with reference to risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions made, decision data, actions taken and other matters that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriation of the company's profit or loss, we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

AUDITOR'S EXAMINATION OF THE ESEF REPORT – OPINION

In addition to our audit of the annual report and consolidated financial statements, we have also examined whether the Board of Directors and the CEO have prepared the annual report and consolidated financial statements in a format that enables uniform electronic reporting (ESEF report) in accordance with Chapter 16, Section 4a of the Swedish Securities Market Act (2007:528) for NIBE Industrier AB (publ) for the financial year 2024.

Our examination and our opinion relate only to the statutory requirement.

In our opinion, the ESEF report has been prepared in a format that, in all material respects, enables uniform electronic reporting.

Basis for our opinion

We have performed the examination in accordance with FAR's recommendation RevR 18 Auditor's examination of the ESEF report. Our responsibility under this recommendation is described

in more detail in the 'Auditor's responsibility' section. We are independent of NIBE Industrier AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE CEO

The Board and the CEO are responsible for ensuring that the ESEF report has been prepared in accordance with Chapter 16, Section 4a of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the CEO determine is necessary to prepare the ESEF report without material misstatements, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to form an opinion with reasonable assurance as to whether the ESEF report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4a of the Swedish Securities Market Act (2007:528) for NIBE Industrier AB (publ), based on the procedures performed.

RevR 18 requires us to plan and execute our examination procedures to achieve reasonable assurance that the ESEF report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an examination performed in accordance with RevR 18 and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise due to fraud or error and are regarded as material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the ESEF report. The audit firm applies the International Standard on Quality Management 1, which requires it to design, implement and operate a quality management system including guidelines or procedures related to compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. The examination involves obtaining

evidence, through various procedures, that the ESEF report has been prepared in a format that enables uniform electronic reporting of the annual accounts and consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design examination procedures that are appropriate in the circumstances, we consider those elements of internal control that are relevant to the preparation of the supporting documentation, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The audit also involves an evaluation of the appropriateness and reasonableness of the assumptions made by the Board of Directors and the CEO.

The procedures mainly include validation that the ESEF report has been prepared in a valid XHTML format and reconciliation of the ESEF report with the audited annual accounts and consolidated financial statements.

The examination also includes an assessment of whether the consolidated income statement, balance sheet, statement of changes in equity, cash flow statement and notes in the ESEF report have been tagged with iXBRL, in accordance with the ESEF regulation.

KPMG AB was appointed auditor of NIBE Industrier AB (publ) by the Annual General Meeting on May 16, 2024. KPMG AB or auditors working at KPMG AB have been the company's auditor since 2013.

Markaryd, Sweden, April 4, 2025

KPMG AB

Jonas Nihlberg
Authorized Public Accountant

GROUP BOARD OF DIRECTORS



HANS LINNARSSON

Born 1952

Member of the Board since 2006-
Became Chairman of the Board in 2015.
Chairman of the Remuneration Committee.

EDUCATION: B.Sc. (Electrical Engineering),
Teknikum, Växjö and B.A. Växjö University-

EXPERIENCE: Several different positions
as CEO of international Swedish industrial
companies over more than 30 years, such
as Enertec Component AB, CTC AB and
Asko Cylinda AB. Executive positions in the
Electrolux Group and President & CEO of
Husqvarna AB.

OTHER CURRENT BOARD ASSIGNMENTS:
Chairman of the Board of HP Tronic AB. Board
member of Eolusvind AB, Inission AB, NP
Nilsson AB, Nordiska Plast AB and Zinkteknik
AB.

PREVIOUS BOARD ASSIGNMENTS:
Chairman of the Board of K. Hartwall Oy,
Scandbio AB, Dahrén AB, and Board member
of Beijer Electronics AB (publ).

PRESENT AT BOARD MEETINGS: 9/9.

PRESENT AT REMUNERATION COMMITTEE: 1/1.

CURRENT SHAREHOLDING IN NIBE INDUSTRIER:
9,556 Class B shares.

Independent of the company and its manage-
ment and major shareholders.



JAMES AHRGREN

Born 1979

Member of the Board since 2024.

EDUCATION: M.Sc. Engineering Mechanics at
KTH Royal Institute of Technology, Stockholm
CURRENT POSITION: CEO AQ Group (publ)-

EXPERIENCE: Worked in product development,
purchasing, production, marketing, sales and
acquisitions and in senior positions at Xylem,
Huber+Suhner, AB Traction and AQ Group. 10
years' experience of working and managing
companies in China. Founder of Nash Invest
AB, Lejla Invest AB and Elbilsvarhuset.se i
Sverige AB.

OTHER CURRENT BOARD ASSIGNMENTS:
Chairman of the Board of Lejla Invest AB.
Board member of Nash Invest AB and
Chairman of the Board and Board member of
around 40 different subsidiaries in AQ Group
AB.

PREVIOUS BOARD ASSIGNMENTS: Chairman of
the Board of Ankarsrum Industrier AB. Board
member of Sigicom AB and Drillcon AB.

PRESENT AT BOARD MEETINGS: 3/9.

CURRENT SHAREHOLDING IN NIBE INDUSTRIER:
12,015 Class B shares.

Independent of the company and its manage-
ment and major shareholders.



CAMILLA EKDAHL

Born 1967

Member of the Board since 2024.
Member of the Audit Committee.

EDUCATION: M.Sc. in Engineering Mechanics,
Chalmers University of Technology,
Gothenburg.

CURRENT POSITION: CEO Balco Group AB
(publ).

EXPERIENCE: Extensive industrial experi-
ence as CEO, local manager, COO, logistics
manager in a number companies with
international operations, including Isaberg
Rapid AB, Pelly Group AB, Thule Sweden AB,
Rapid Granulator AB, Continental Gislaved
Däck AB, Balco Group AB.

OTHER CURRENT BOARD ASSIGNMENTS:
Board member of Haglund Industri AB.

PRESENT AT BOARD MEETINGS: 3/9.

PRESENT AT AUDIT COMMITTEE: 2/2.

**CURRENT SHAREHOLDING IN
NIBE INDUSTRIER:** 4,800 Class B shares.

Independent of the company and its
management and major shareholders.



EVA KARLSSON

Born 1966

Member of the Board since 2022.

EDUCATION: M.Sc. in Engineering Mechanics, Chalmers University of Technology, Gothenburg.

CURRENT POSITION: President EMEA Dometic Group (publ).

EXPERIENCE: More than 30 years' experience in international industrial companies, including Dometic, ASSA ABLOY and ABB. In these companies she has held senior management positions, including COO of Dometic Group and Head of business area Pedestrian Door Solutions at ASSA ABLOY.

PREVIOUS BOARD ASSIGNMENTS: Board member of Itab Group AB.

PRESENT AT BOARD MEETINGS: 9/9.

CURRENT SHAREHOLDING IN NIBE INDUSTRIER: 9,323 Class B shares.

Independent of the company and its management and major shareholders.



GERTERIC LINDQUIST

Born 1951

Member of the Board since 1989.

EDUCATION: M.Sc. in Engineering and M.Sc. in Business & Economics, Chalmers University of Technology and Uppsala University.

CURRENT POSITION: Managing Director & CEO of NIBE Industrier AB and NIBE AB. Employed at NIBE since 1988.

EXPERIENCE: More than 35 years' experience of international industrial operations, including as Exports Director of ASSA Stenman AB, now ASSA Abloy.

OTHER CURRENT BOARD ASSIGNMENTS: A number of assignments as Chairman and Board member at Group-wide companies in NIBE Group. Board member.

PRESENT AT BOARD MEETINGS: 9/9.

CURRENT SHAREHOLDING IN NIBE INDUSTRIER: 27,511,952 Class A shares, and 65,160,044 Class B shares.

Not independent due to his position, his shareholding and the length of his Board service.



ANDERS PÅLSSON

Born 1958

Member of the Board since 2010. Chairman of the Audit Committee.

EDUCATION: M.Sc. in Business & Economics, Lund University.

EXPERIENCE: More than 35 years' experience in international industrial companies, including President & CEO of Hilding Anders and divisional manager at Trelleborg AB and in PLM/Rexam. Worked at Gambro and the E.ON Groups.

OTHER CURRENT BOARD ASSIGNMENTS: Chairman of Malmö FF football club.

PREVIOUS BOARD ASSIGNMENTS: Chairman of GARO AB, Lamnhults Design Group AB, Elektro Sandberg AB and Hilding Anders AB. Board member of OKG Oskarshamns Kärnkraftverk AB, Midway Holdings AB, Trioplast AB and Bergendahls Food AB.

PRESENT AT BOARD MEETINGS: 9/9.

PRESENT AT AUDIT COMMITTEE: 2/2.

CURRENT SHAREHOLDING IN NIBE INDUSTRIER: 91,428 Class B shares.

Independent of the company and its management and major shareholders.



EVA THUNHOLM

Born 1966

Member of the Board since 2022. Member of the Remuneration Committee.

EDUCATION: M.Sc. in Chemical and Administrative Sciences, Karlstad.

CURRENT POSITION: Vice President Business Unit Technical Materials, Ahlstrom Group.

EXPERIENCE: Considerable experience of international business and solid industrial experience, including in the ventilation industry. Has worked at e.g. Stora Enso, Södra Skogsägarna and Volution Group.

OTHER CURRENT BOARD ASSIGNMENTS: Board member of Sydved AB, Alutrade AB and the trade association Skogsindustrierna.

PREVIOUS BOARD ASSIGNMENTS: Uni4 Marketing AB.

PRESENT AT BOARD MEETINGS: 9/9.

PRESENT AT REMUNERATION COMMITTEE: 1/1.

CURRENT SHAREHOLDING IN NIBE INDUSTRIER: 2,000 Class B shares.

Independent of the company and its management and major shareholders.

MANAGEMENT



GERTERIC LINDQUIST

Born 1951
MD & CEO of NIBE Industrier AB and NIBE AB.
Employed at NIBE since 1988.

EDUCATION: M.Sc. in Engineering and M.Sc. in Business & Economics, Chalmers University of Technology and Uppsala University.

EXPERIENCE: More than 35 years' experience of international industrial operations, including as Exports Director of ASSA Stenman AB, now ASSA Abloy.

OTHER CURRENT ASSIGNMENTS: A number of assignments as Chairman and Board member at Group-wide companies in NIBE Group.

CURRENT SHAREHOLDING IN NIBE INDUSTRIER: 27,511,952 Class A shares, and 65,160,044 Class B shares.



SIMON KARLIN

Born 1968
Head of business area NIBE Climate Solutions.
Employed at NIBE since 2024.

EDUCATION: B.Sc. in Business Administration, Lund University.

EXPERIENCE: More than 20 years' experience in international groups in the refrigeration and HVAC industry. Head of business area for the regions EMEA and APAC at Beijer Ref and the Svedala/Sandvik Group.

OTHER CURRENT ASSIGNMENTS: Agramkow A/S.

CURRENT SHAREHOLDING IN NIBE INDUSTRIER: 50,000 Class B shares.



HANS BACKMAN

Born 1966
CFO NIBE Group.
Employed at NIBE since 2011.

EDUCATION: M.Sc. in Business & Economics, School of Business, Economics and Law at University of Gothenburg, and MBA, Lund University.

EXPERIENCE: Broad experience in global industrial companies in and outside Sweden. A total of around 20 years abroad at companies such as SKF (publ) and Alstom.

OTHER CURRENT ASSIGNMENTS: A number of assignments as Board member at Group-wide companies in NIBE Group and at Schulthess Maschinen AG of Switzerland, a former Group company.

CURRENT SHAREHOLDING IN NIBE INDUSTRIER: 263,581 Class B shares.



CHRISTER FREDRIKSSON

Born 1955
Head of business area NIBE Element and CEO of Backer AB.
Employed at NIBE since 1992.

EDUCATION: M.Sc. in Engineering Industrial Economics, Linköping University.

EXPERIENCE: Many years of industrial experience as e.g. Controller at Fiskeby, Division manager at Stal Laval and CEO at Strömma AB.

CURRENT SHAREHOLDING IN NIBE INDUSTRIER: 6,872,500 Class A shares, and 11,471,360 Class B shares.



FREDRIK ERLANDSSON

Born 1970
Head of Corporate Communications and Investor Relations.
Employed at NIBE since 2024.

EDUCATION: University studies Political Science and Economics, Universities of Lund and Copenhagen.

EXPERIENCE: Many years, experience in a number of roles in communications and Investor Relations at companies including Thule Group (publ) and Diageo Plc, GM. Previously Chief of Staff at the European Parliament, Brussels.

CURRENT SHAREHOLDING IN NIBE INDUSTRIER: 54,000 Class B shares.



NIKLAS GUNNARSSON

Born 1965
Head of business area NIBE Stoves.
Employed at NIBE since 1987.

EDUCATION: Engineer, Halmstad.

EXPERIENCE: Extensive experience in sales, marketing and product development in various parts of NIBE Group.

OTHER CURRENT ASSIGNMENTS: A number of assignments as Chairman and Board member at Group-wide companies in NIBE Group.

CURRENT SHAREHOLDING IN NIBE INDUSTRIER: 1,963,568 Class B shares.

AUDITOR **JONAS NIHLBERG**
Auditor in charge, KPMG AB

THE NIBE INDUSTRIER SHARE

NIBE's class B share is listed on Large Cap, Nasdaq Nordic under the name NIBE Industrier AB with ISIN code SE0008321293 in the Construction & Materials sector. NIBE was registered on the OTC list of the Stockholm Stock Exchange on June 16, 1997 following the issue of 1,170,000 new class B shares. The subscription price then was SEK 70 per share.

Since the initial public offering, a 4:1 share split has been carried out four times, in 2003, 2006, 2016 and 2021, which means that the subscription price of SEK 70 corresponds to SEK 0.27 per share now. New issues were conducted on two occasions since the initial public offering: in 2011/2012 with a private placement of 261,338,208 B shares in conjunction with the secondary listing on the SIX Swiss Exchange, and in 2016 with a rights issue of 29,566,264 A shares and 222,442,016 B shares.

Share capital

NIBE Industrier AB's share capital totals SEK 79 million and is divided into 233,130,360 class A shares and 1,782,936,128 class B shares. The quotient value is SEK 0.03906 per share. Each class A share carries ten votes at general meetings and each class B share carries one vote. All shares carry the same entitlement to dividends. At the end of 2024, there were no outstanding convertible loans or options that could risk diluting the share capital.

Secondary listing

Following the new share issue in 2011, NIBE's class B shares are now also listed on the SIX Swiss Exchange.

Share performance and turnover

NIBE's share price declined by 38.9%, from SEK 70.8 to SEK 43.2 in 2024. In the same period, the OMX Stockholm PI increased by 5.6% and the OMX Stockholm PI (OMX30) by 3.5%.

At the end of 2024, NIBE's market capitalization, based on the latest price paid, was SEK 87,175 million. A total of 1,636,534,424 NIBE shares were traded, which corresponds to a share turnover of 81.2% in 2024.

Dividend policy

The aim is for the company to pay a dividend equivalent to 25–30% of the Group's profit after tax over the long term. The Board proposes a dividend of SEK 0.30 per share for the 2024 financial year, which corresponds to 52% of the Group's earnings per share after tax. Adjusted for the action plan, the dividend corresponds to 29% of profit after tax.



Shareholders

The number of shareholders continued to increase during the year. However, because of Swiss reporting regulations, it is, in principle, impossible to determine the current total number of shareholders for the Group's secondary listing on the SIX Swiss Exchange. Excluding these Swiss-registered owners, NIBE had 177,044 individual shareholders at the end of 2024, compared with 160,651 at the same time in the previous year. The ten largest shareholders held 54.2% of the votes and 37% of the capital.

DATA PER SHARE

		2024	2023	2022	2021	2020
Number of shares		2,016,066,488	2,016,066,488	2,016,066,488	2,016,066,488	2,016,066,488
Average number of shares		2,016,066,488	2,016,066,488	2,016,066,488	2,016,066,488	2,016,066,488
Year-end share price	SEK	43.24	70.80	97.10	136.75	67.43
EPS (after tax)	SEK	0.58	2.36	2.16	1.65	1.42
EPS (after tax) excl. items affecting comparability	SEK	0.80	2.36	2.16	1.65	1.25
Equity/share	SEK	15.92	14.98	13.86	10.63	8.73
Proposed dividend	SEK	0.30	0.65	0.65	0.50	0.39
Price/equity	times	2.72	4.73	7.01	12.86	7.72
Dividend yield	%	0.69	0.92	0.67	0.37	0.58
Total yield	%	- 38.50	- 26.42	- 28.52	103.54	67.04
Operating cash flow per share	SEK	0.88	0.30	0.27	1.00	1.94
Payout ratio	%	51.5	27.4	30.1	30.4	27.4
Payout ratio excl. items affecting comparability	%	37.5*	27.4	30.1	30.4	31.3
PE ratio (after tax)	times	74.3	29.8	45.0	83.0	47.4
Market capitalisation	SEK m	87,175	142,738	195,760	275,697	135,943
EBIT multiple	times	39.8	22.9	34.5	63.0	36.6
EV/sales	times	2.62	3.43	5.05	9.13	5.23
Share turnover	%	81.2	49.5	39.7	29.7	50.9

*Adjusted for the action plan of SEK 915 million, the dividend corresponds to 29% of profit after tax.

CHANGES IN SHARE CAPITAL

	Increase in share capital (SEK)	Quotient value (SEK)	Total number of shares	Total share capital (SEK)
1990 New share issue ¹⁾	6,950,000	100.00	70,000	7,000,000
1991 Bonus issue	40,000,000	100.00	470,000	47,000,000
1994 Split 10:1 ²⁾	-	10.00	4,700,000	47,000,000
1997 New share issue	11,700,000	10.00	5,870,000	58,700,000
2003 Split 4:1 ³⁾	-	2.50	23,480,000	58,700,000
2006 Split 4:1 ⁴⁾	-	0.625	93,920,000	58,700,000
2011 New share issue ⁵⁾	10,074,648	0.625	110,039,437	68,774,648
2012 New share issue ⁶⁾	133,876	0.625	110,253,638	68,908,524
2016 Split 4:1 ⁷⁾	-	0.15625	441,014,552	68,908,524
2016 New share issue ⁸⁾	9,844,073	0.15625	504,016,622	78,752,597
2021 Split 4:1 ⁹⁾	-	0.03906	2,016,066,488	78,752,597

¹⁾ Private placement to existing shareholders at a subscription price of SEK 100 per share.

²⁾ Change in the quotient value of each share from SEK 100 to SEK 10.

³⁾ Change in the quotient value of each share from SEK 10 to SEK 2.50.

⁴⁾ Change in the quotient value of each share from SEK 2.50 to SEK 0.625.

⁵⁾ Private placement to the former owners of the Schulthess Group at a subscription price of SEK 108.25 per share.

⁶⁾ Private placement to the former owners of the Schulthess Group at a subscription price of SEK 102.00 per share.

⁷⁾ Change in the quotient value of each share from SEK 0.625 to SEK 0.15625.

⁸⁾ Private placement to the company's shareholders at a subscription price of SEK 48.00 per share.

⁹⁾ Change in the quotient value of each share from SEK 0.15625 to SEK 0.03906.

MAJOR SHAREHOLDERS

(Source: Euroclear Sweden share register 12/31/2024)

Shareholders	Number of shares	Share of votes (%)
Current and former Board members and management ¹	407,994,930	45.87
Schörling	160,541,714	18.94
Alecta Pensionsförsäkring	105,433,795	2.56
SSB and Trust Co, W9	82,529,485	2.01
JPM Chase Bank NA	43,534,808	1.06
AMF Tjänstepension AB	46,500,000	1.13
Clearstream Banking S A	32,038,890	0.78
Cliens Småbolag	22,866,377	0.56
Six SIS AG	23,378,505	0.57
Swedbank Robour Allemansfond K	21,000,000	0.51
Northern Trust Company, London	19,811,521	0.48
JP Morgan SE Luxembourg	19,747,851	0.48
Didner & Gerge Aktiefond	19,916,492	0.48
Other holdings (160,651 shareholders)	1,010,772,120	24.57
Total	2,016,066,488	100.0

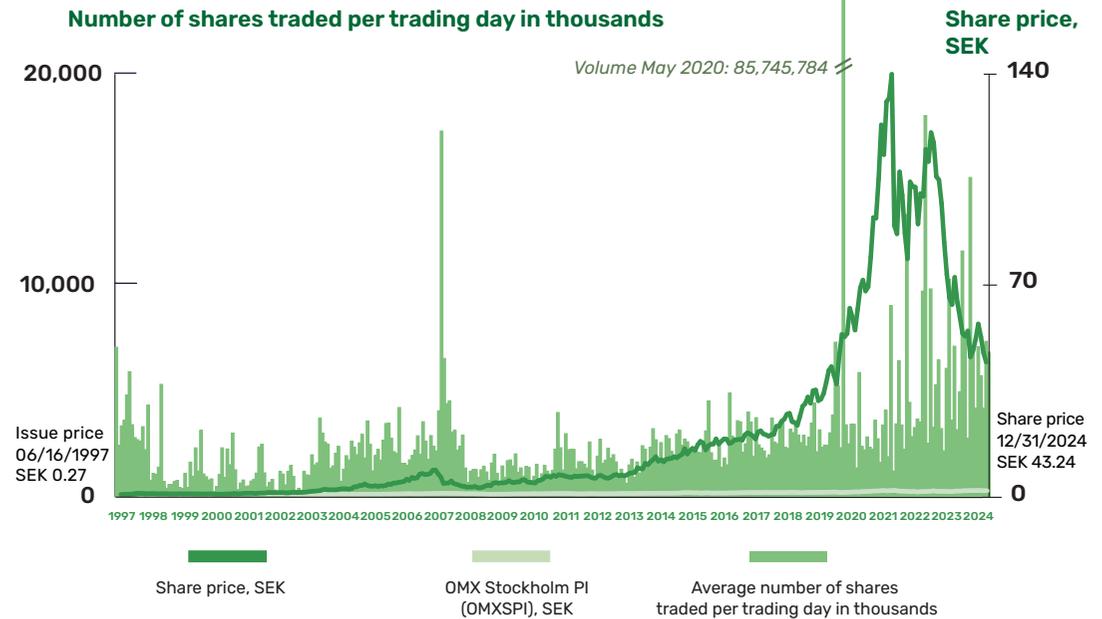
¹ For current Board, see page 190.

SHAREHOLDER STRUCTURE

(Source: Euroclear Sweden share register 12/31/2024)

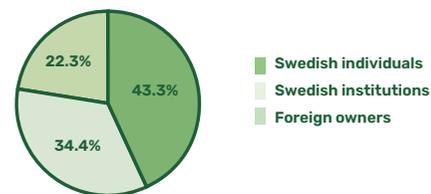
Number of shares held	Number of owners	Number of owners (%)	Number of shares	Number of shares (%)
1 – 500	123,575	69.80	16,288,905	0.81
501 – 1,000	19,142	10.81	14,787,696	0.73
1,001 – 5,000	23,805	13.45	54,984,206	2.73
5,001 – 10,000	4,685	2.65	34,424,609	1.71
10,001 – 20,000	2,655	1.50	39,023,544	1.94
20,001 –	3,180	1.79	1,856,557,528	92.08
Total	177,042	100.0	2,016,066,488	100.0

Share performance, 1997–2024



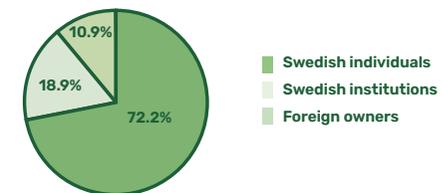
Share of capital, %

(Source Euroclear sharebook 31/12/2024)



Share of voting rights, %

(Source Euroclear sharebook 31/12/2023)



NIBE INDUSTRIER

- INFORMATION FOR SHAREHOLDERS

The Annual General Meeting of NIBE Industrier AB (publ) will be held on **May 15, 2025**.

Information on the decisions taken by the AGM will be published in the usual bulletin issued after the AGM.

RIGHT TO PARTICIPATE IN THE AGM

Shareholders who wish to attend the AGM must:

- be recorded as a shareholder in the share register maintained by Euroclear Sweden AB on Wednesday, May 7, 2025; and
- give notice of their intention to attend the AGM not later than Friday, May 9, 2025.

Shareholders whose shares are registered in the name of a nominee must, in addition to the notice of attendance, re-register the shares in their own name with Euroclear. Such registration can be temporary and must have been completed not later than Friday, May 9, 2025, to be taken into consideration. Requests for such registration must be notified to the nominee in good time before Friday, May 9, 2025, to ensure the re-registration can be completed in time.

The AGM will be held in Swedish.

NOTICE

Notice of attendance at the AGM can be made in writing to: NIBE Industrier AB, AGM, c/o Euroclear Sweden, PO Box 191, SE-101 23 Stockholm; by phone to +46 (0)433 27 36 00; or on the website www.nibe.com.

The notice of participation should state the name, personal identity number/corporate identity number, address and tele-

phone number, number of shares and share class, and the number of assistants.

Shareholders represented by a proxy shall send a written, dated power of attorney together with the notice of attendance. The power of attorney must not be more than one year old at the time of the AGM, unless the power of attorney has a longer period of validity, however, not more than five years from the date of issue. A power of attorney form for this purpose is available from www.nibe.com. The power of attorney form can also be ordered by phone by calling the above number. The original copy of the power of attorney must be available for inspection on request. Representatives of a legal entity shall produce a certificate of registration or similar document of authorization indicating the authorized signatory.

Attendees must bring valid ID to the AGM for registration. No attendance cards will be issued.

DISCLOSURES

Shareholders are informed of their right to request information at the AGM about circumstances that could impact the assessment of an item on the Agenda and circumstances that could affect the assessment of the company's financial situation.

CALENDAR

May 15, 2025

Interim report 1, January – March 2025
Annual General Meeting in Markaryd, Sweden,
5:00 PM (CEST)

August 15, 2025

Interim Report 2, January – June 2025

November 14, 2025

Interim Report 3, January – September 2025

DEFINITIONS – KEY RATIOS

Capital employed

Total assets less non-interest-bearing liabilities (including deferred tax). Capital employed is a measure of the total capital that NIBE borrows from its shareholders and credit institutions, which usually receive payment in the form of dividend or interest.

Capital turnover ratio

Net sales divided by average total assets. The capital turnover ratio is a key ratio that NIBE considers to be relevant to investors who want to assess NIBE's capital intensity.

Earnings per share (after full tax)

Earnings after tax divided by average number of shares.

EBITDA margin

Operating profit before depreciation, amortization and impairment as a percentage of net sales. EBITDA margin is a central measure of profitability for NIBE, and NIBE considers that it gives investors the opportunity to assess NIBE's opportunities to achieve a level of profitability acceptable for the industry.

Equity

Taxed equity plus untaxed reserves less tax.

Equity/assets ratio

Equity as a percentage of total assets. The equity/assets ratio is a key ratio that NIBE considers to be relevant to investors who want to assess NIBE's opportunities to meet its financial obligations and NIBE's ability to meet its financial target of an equity/assets ratio of at least 30%.

Growth

Percentage change in net sales compared with previous year. This key ratio gives investors a better understanding of compliance with NIBE's

growth strategy and whether NIBE's financial target of average growth of at least 20% per annum is being met.

Interest-bearing liabilities/Equity

Interest-bearing liabilities as a percentage of equity. NIBE considers that this key ratio gives investors a better understanding of NIBE's capital structure.

Interest coverage ratio

Profit after net financial items plus financial expenses divided by financial expenses. The interest coverage ratio is a key ratio that NIBE considers to be relevant to investors who want to assess NIBE's opportunities to meet its financial obligations.

Net investments in non-current assets

Acquisitions of non-current assets less disposals of non-current assets. NIBE considers that this key ratio gives investors the opportunity to assess operational investment needs.

Net debt/EBITDA

Interest-bearing net debt (interest-bearing financial liabilities less interest-bearing financial assets) divided by operating profit before depreciation/amortization and impairment. Net debt/EBITDA is a key ratio that NIBE considers to be relevant to investors who want to assess NIBE's opportunity to meet its financial obligations.

Operating cash flow

Cash flow after investments but before acquisition of companies/operations.

Operating margin

Operating profit as a percentage of net sales. The operating margin is a key ratio that NIBE considers to be relevant to investors who want to assess NIBE's opportunities to achieve a level of profit-

ability acceptable for the industry and NIBE's ability to meet its financial target of an operating margin of at least 10%.

Profit margin

Profit after net financial items as a percentage of net sales. The profit margin is a key ratio that NIBE considers to be relevant to investors who want to assess NIBE's opportunities to achieve a level of profitability acceptable for the industry.

Proportion of risk-bearing capital

Equity, including provisions for tax as a percentage of total assets. NIBE considers that this key ratio gives investors a better understanding of NIBE's capital structure.

Return on capital employed

Profit after net financial items plus financial expenses as a percentage of average capital employed. NIBE considers that this key ratio gives investors a better understanding of NIBE's ability to earn interest on the capital placed at its disposal by its shareholders and lenders.

Return on equity

Profit after net financial items less tax at 20.6% (20.6%) standard rate as a percentage of average equity. NIBE considers that this key ratio gives investors a better understanding of NIBE's ability to earn interest on the capital placed at its disposal by its shareholders and NIBE's ability to meet its financial target of a return on equity of at least 20%.

Return on total assets

Profit after net financial items plus financial expenses as a percentage of average total assets. NIBE considers that this key ratio gives investors a better understanding of NIBE's ability to earn interest on the total capital at NIBE's disposal.

NIBE

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